

Time and Poverty in Western Welfare States

United Germany in Perspective

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CAMBRIDGE
UNIVERSITY PRESS

PUBLISHED BY THE PRESS SYNDICATE OF THE UNIVERSITY OF CAMBRIDGE
The Pitt Building, Trumpington Street, Cambridge CB2 1RP, United Kingdom

CAMBRIDGE UNIVERSITY PRESS

The Edinburgh Building, Cambridge CB2 2RU, UK <http://www.cup.cam.ac.uk>
40 West 20th Street, New York, NY 10011-4211, USA <http://www.cup.org>
10 Stamford Road, Oakleigh, Melbourne 3166, Australia

Originally published in German as *Zeit der Armut: Lebensläufe im Sozialstaat*
by Suhrkamp Verlag 1995

and © Suhrkamp Verlag

First published in English by Cambridge University Press 1999 as *Time and Poverty in
Western Welfare States: United Germany in Perspective*

English translation © Cambridge University Press 1999

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Printed in the United Kingdom at the University Press, Cambridge

A catalogue record for this book is available from the British Library

Typeset in Monotype Times New Roman 10/12.5pt, in QuarkXPress™ [SE]

ISBN 0 521 59013 2 hardback

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1 Poverty in the welfare state: the life-course approach

In the last two decades of the twentieth century, poverty has again been troubling Western societies. Unemployment, declining wages, lone parenthood, ethnic cleavages, immigration pressures as well as growing inequality and insecurity are seen as corroding the idea of citizenship, not only for the lower social strata. The social contract is at stake. Domestic fiscal constraints, pervasive ideological shifts to deregulation, 'global' economic challenges as well as problems of European integration have re-ignited debates on the direction in which European societies are drifting. These reflections are accompanied by worries about the waning capacity of nation-states to channel such developments constructively.

In today's world capitalism seems to be the only surviving model of society. But capitalist nations differ radically with respect to the socio-economic and political institutions that shape the lives of their citizens (Kitschelt *et al.* 1999). There is more than one world of capitalism. This applies even to the sphere of the market: David Soskice (e.g., 1990) has contrasted Germany and the UK as 'coordinated' and 'non-coordinated economies' – or as 'trust' and 'distrust' societies (Allmendinger and Hinz 1998). And this diversity is particularly apparent when we look at the institutionalisation of state welfare. Instead of 'ending history' we begin to refocus on different models in the West itself, or in the OECD, and thus also on differences in social insecurity and poverty (Andreß 1998, McFate *et al.* 1995).

This study addresses poverty in one major European welfare state, unified Germany, and also places what many see as the 'Bismarckian model' into a comparative perspective (see chapters 2, 6 and 11).¹ Germany is nowadays considered by many to be the laggard in the move towards more competitiveness in a globalising economy, not least because of its systems of social protection which are seen as oversized and overregulated

¹ For analyses of the German welfare state in a comparative and historical perspective see Schmidt (1998), Kaufmann (1997), Lampert (1998), van Kersbergen (1995), Ritter (1991), Alber (1986a, b; 1989; 1998) and Neumann and Schaper (1998).

(see, e.g., OECD 1997). A trade-off between equality and employment seems to unfold, as Gøsta Esping-Andersen (1996, p. 25) put it when looking at the development of the three 'worlds of welfare capitalism' he had identified. In his terminology Germany is a 'conservative' welfare-state regime, in contrast to the 'liberal' regimes found in the UK and the USA, and the 'social-democratic' regimes of the Scandinavian countries, especially in Sweden (Esping-Andersen 1990).² Rather than convergence towards the liberal model, Esping-Andersen traces different national responses,³ different ways of dealing with unemployment and inequality, and the trade-off between the two. In the 1990s, the Swedish welfare state has been reconstructed, not simply 'deregulated', and the Blair government has been heading for a new start in Britain, while Germany has been slow to move. Esping-Andersen emphasises the problems of inequality, poverty and social dislocation that arise in employment-oriented economies like the USA and Britain. High unemployment was accepted for many years in Germany while poverty is generally less tolerated than in the employment-oriented countries (see Amartya Sen 1997, p. 160). Could it be that Germany is now heading towards the worst of both worlds, that is high unemployment *and* rising poverty?

With poverty also spreading to societies hitherto less affected by it, the national systems of social assistance have become important elements in the economic performance and political control of advanced societies (see the first comprehensive comparative study of social assistance in OECD countries by Tony Eardley *et al.* 1996, and the comparative study by John Ditch *et al.* 1996). Our empirical and theoretical study focuses on poverty as politically addressed by Social Assistance (*Sozialhilfe*). The latter is a basic component of the German welfare state, the social safety net of last resort for any person in need. A close examination of its functioning reveals much about the fabric of German society and of the welfare state at large. While the German welfare state may appear like a dinosaur to some observers, this strong tradition of state welfare can still offer ample stimulation for the international debate on restructuring welfare states. Bill Clinton's original health-insurance plan, for example, was influenced by the German model. The pillars of the German welfare state are the systems of Social Insurance with their complex legal and administrative fabric, above all Old-Age Pensions and Health Insurance, supplemented by a social assistance scheme that offers comprehensive entitlements to need-oriented benefits.

² For an empirical and theoretical reappraisal of the concept of 'welfare-state regimes' besides Esping-Andersen's own volume (1996) see Leibfried (1993) and the volume by Lessenich and Ostner (1998).

³ For a different critique of 'globalisation' as a new version of convergence theory see Paul Pierson (1996).

Social Assistance caters for fewer people than the British equivalent because of the strong insurance schemes that form the higher tiers of social security. How has this welfare state fared in the 1990s in the face of growing unemployment and, unique to Germany, constrained by the incorporation of the economically run-down Eastern part and the influx of more immigrants than in any other European country? Has it coped with the attendant problems of poverty? Does the two-tier system – Social Insurance combined with Social Assistance – still work? Why do Germans care about things other than their partners in the Western world, e.g., why do ‘welfare mothers’ not figure in the social policy debate, in contrast to the US-American and British debates?

Poverty is a good social indicator of the state of the social contract in any country. The malaise it reveals is connected with more general social fault lines. Here we find the whole panoply of social risks concentrated, be they economic, health-related or psychological in nature. The German sociologist Georg Simmel noted in 1908:

Especially in modern society, the class of the poor is the common destination of a great variety of fates. People from the whole range of social backgrounds end up here. No change, development, crisis or decline in social life takes place without leaving its residue in the class of the poor, as if in a settling tank.⁴ (Translated from Simmel 1908, p. 373)

In writing about poverty, Simmel referred to recipients of poor relief as the truly poor because public support, not deprivation as such, establishes poverty as a social phenomenon of exclusion. For present-day analysis, data on Social Assistance, the primary public programme in the German struggle against poverty, are good social indicators of the reliability and effectiveness of the German welfare state as a whole. Comprehensive German Social Assistance acts as a ‘welfare state in reserve’ (Leibfried and Tennstedt 1985b, p. 24). The demand for Social Assistance reflects the total or partial failure of labour markets and employment policies, as well as of the prior social security systems, to make adequate provision, and it reveals the shortcomings of social support for families. In federal welfare states, especially in Germany, national politicians of every persuasion are eager to pass on the increasing social strains to local government institutions, even to the extent of increasing the local burden by restricting the principal national social security budgets. Social Assistance is thus actively used as a ‘safety valve’. Such ‘downzoning’ and ‘destandardisation’ may, in the short

⁴ ‘Die Klasse der Armen, insbesondere innerhalb der modernen Gesellschaft, ist der gemeinsame Endpunkt von Schicksalen der verschiedensten Art, von dem ganzen Umfang der gesellschaftlichen Unterschiedenheiten her münden Personen in ihr, keine Wandlung, Entwicklung, Zuspitzung oder Senkung des gesellschaftlichen Lebens geht vorüber, ohne ein Residuum in der Schicht der Armen wie in einem Sammelbecken abzulagern.’

run, contribute to making poverty less visible in national politics. But in contrast to the USA, Germany has a federal polity which presupposes substantial homogeneity, and centripetalism where differences persist (or where they suddenly emerge as in reunification). In this political climate, such buck-passing is stopped sooner rather than later.

When Esping-Andersen refers to 'welfare regimes' rather than 'welfare states', he implies that different institutional structures of state welfare entail different 'employment regimes' as well as 'stratification regimes' (see Allmendinger and Hinz 1998). Considering how massively European welfare states impact on individual lives, welfare states can also be said to contribute to distinct 'life-course regimes': they produce and sustain specific temporal structures of life by institutional definitions of events, phases, episodes and transitions that are linked to individual expectations and 'life plans'. Different welfare regimes give rise to different life-course regimes.

The *life-course* perspective on poverty adopted in this study builds on the 'dynamic' approach to poverty and 'welfare' (social assistance) developed in the USA in the 1970s and 1980s (see Bane and Ellwood 1994, Duncan *et al.* 1995, Leisering and Walker 1998a). The dynamic approach is, first of all, a method of empirical enquiry. Longitudinal data tell us more – and different things – about people's lives than cross-sectional data ever can: we want movies, not stills. But the life-course approach is more than a method. It also represents and encompasses the real dynamics of social life. Reference to the 'life course', then, means analysing poverty in a dynamic perspective framed by both institutional arrangements and individual biographical horizons. These two levels interact to produce the temporal structure of the entire life span.

The life-course approach, therefore, goes beyond the older dynamic approach employed in the US research. It focuses on how the institutions of the welfare state – which are part and parcel of a more general German moral economy of standardising life trajectories – shape individual lives. Our research strategy combines quantitative investigations of poverty careers with qualitative biographical analyses of Social Assistance claimants. As the American tradition of state welfare is much less developed than in Europe, involving little formal life-course 'regimentation', American writers on poverty dynamics have not been able to embed their analyses in an overall view of the life course and its regulation by the welfare state.

The notion of a dynamism of individual lives, of a 'life course', is essential to modern society and to the concept of the modern individual (Giddens 1991, Leisering and Walker 1998b). Social mobility is a central tenet of a free society, rooted in the freedom of the market. However, the notion of the individual and his or her life course is also linked to the

concept of the modern state. John W. Meyer (1986) has described the 'self' as a cultural project of modernity, the idea of personal development over the life span, furthered by education and human development agencies, psychologists and social professionals. In Meyer's view, this notion is a key tenet of American civilisation. Morris Janowitz (1976, pp. 23ff.) argues similarly: according to him, the welfare state – and not merely market individualism – implements the idea of human self-perfection expounded in the Enlightenment. Martin Kohli (1986a) has shown that changes in the medical sciences, culture and social institutions have created 'the life course' as a new horizon for the orientation of individual action. The expectation – and challenge – of a secure life span opens up new horizons for individuals but also imposes new strains on them.

A major force in establishing such a 'life course' is the welfare state. Security, not only – in many countries not even primarily – equality, is the key goal of social policy. Since its foundation, the German welfare state has set the pace of individual lives: a comprehensive system of public *education* supports entries into work society, lays down career tracks and provides opportunities; a developed *old-age pension* system offers a secure life span for those individuals who lead a 'normal' adult life in regular employment or marriage, thus indicating a model of normality; and finally, for those 'less foreseeable' risks not attended to otherwise, special institutions of *risk management* have been established like health and unemployment insurance, social assistance and social work – to secure the continuity of biographies.

At the turn of the millenium a major question in continental Europe and elsewhere emerges: Is the welfare state still capable of securing individual life courses? Is this one of the welfare state's tasks? If so, how? Which institutional reforms are required in the current situation?

National welfare traditions differ with regard to life-course policy: they pursue different normative models of the life course, they intervene to different degrees in people's lives, and they emphasise different fields of life-course policy. The USA, for example, puts more emphasis on education at the beginning than on management of acute risks later on. In 1996, a pivotal year, major changes in social assistance and welfare systems were enacted. In Britain Job Seekers Allowance replaced Unemployment Benefit and Income Support for the unemployed. Later changes in Income Support under the Blair government affected among others lone mothers. Whereas the Clinton Act seems to mark a historic break, truly putting an end to 'welfare as we know it' by introducing time limits and suspending welfare as a right, the German reforms merely consolidated the country's far more comprehensive and costly Social Assistance regime, with only slight cuts and even some enhancements.

Discourses on poverty

When people talk about poverty, they generally have in mind some particular group such as the homeless, 'welfare mothers', the unemployed or pensioners, or they think of deprived areas or even a whole 'underclass' in society. What poverty is taken to mean, then, is a condition in which individuals and groups find themselves, a situation in life which is more or less consciously assumed to be relatively long lasting. This view is based on a static way of looking at things. Ideas such as that poverty conditions change over time, and that there is something like a poverty 'career', are commonly heard, but they refer to the process of descent into poverty as well as to reinforcements of the conditions of poverty: in other words, to relatively long-lasting experiences of poverty situations and to fixed groups of poor. 'Dynamic' assumptions do play a role here, but only in the negative sense of something unavoidable. The guiding assumption, both in the public sphere and in academic circles, is that most poor people are sunk in a vicious circle of hopeless poverty for very long periods.

In the Western European debates on the 'new poverty' (Room 1990) and 'social exclusion' (Kronauer 1998, Leviathan 1997, Vranken, Geldof and van Menxel 1997, Leisering 1997c, Jordan 1996, Paugam 1998, Room 1995) during the last two decades, these well-worn images of poverty have been given sharper profiles. Political circles and also some scholars in Germany, France, Britain and other countries see the growth in long-term unemployment, social polarisation and urban cleavages as the key problems for social policy in our time.⁵ In Germany the terms 'new poverty' and 'the two-thirds society' were coined in 1984 (Glötz 1984). In the same year, Ralf Dahrendorf (1984, chapter 7) opened the debate on a new 'underclass', followed up in later works (1988[1992]). The concept of 'social exclusion' became increasingly important in France (Paugam 1996) and in the poverty action research programmes initiated by the European Community, now the European Union (Huster 1997, Alcock 1997, pp. 56–61). The European Commission also funded research on exclusion within its 'Targeted Socio-Economic Research' programme (TSER, 1994–1998). By the mid-1990s 'exclusion' had virtually superseded 'poverty' as the key term. It has come to denote problems of deprivation and inequality among all kinds of groups – the unemployed, ethnic minorities, the elderly, the homeless and even women. The fall of communism in Eastern Europe heightened public concern about these issues, both in terms

⁵ Among German scholars see, e.g., Dangschat (1995) and Becker and Hauser (1997, p. 11). For a world-wide view of the increasing concentration of affluence and poverty see Massey's (1996) presidential address at the annual meeting of the Population Association of America.

of these countries' domestic problems and resulting migration to Western Europe.

The welfare state appears as both object and agent in these debates. On the one hand, the new poverty puts pressure on the established social security systems. In Germany, for example, Unemployment Insurance and Social Assistance are said to have degenerated into pension-like provisions for long-term cases instead of fulfilling their original aim of bridging situations of crisis. This diagnosis is based on the assumption of persistent poverty. On the other hand, welfare-state institutions are criticised for creating, or at least reinforcing, social problems by undermining people's ability and inclination to help themselves. The welfare state is seen as a cause of poverty rather than a response to it. This view is again closely linked to assumptions about long-term processes, in this instance the notion that people become 'dependent' on state aid or are 'trapped' in poverty. Both cases lead to demands for a thorough-going reform of state welfare.

This book aims to endow this debate with an empirical foundation, and to delineate new theoretical perspectives on the basis of original sociological research findings. It is the first comprehensive presentation of the 'dynamic' or 'life-course' approach to poverty in Europe, using the German case.⁶ This approach has revealed that poverty conditions are far more transient than has hitherto been believed; poverty is often no more than an episode in the course of life and is actively overcome by most of those afflicted by it. Furthermore, the experience of poverty as a temporary situation and a latent risk extends well into the middle classes, and it is not confined (if in fact it ever was) to traditional marginal groups or to an excluded bottom third of society. The thesis of this book is, in short, that *poverty is time-related ('temporalisation') and that it transcends social boundaries ('transcendence')*. In this sense, it is 'individualised'.⁷

Poverty has many faces. The typical images of poverty convey only a limited picture of the many forms in which poverty appears. The key to understanding the new approach lies in moving from the static to a dynamic perspective. Poverty is not just a characteristic of groups of individuals, but is in effect an event or phase in the individual life course. Experiences of poverty have a beginning, a specified duration, a certain course, and often a conclusion. Escape from poverty is feasible. Being poor at some point in time does not necessarily entail becoming a permanent member of a poor group.

⁶ A dynamic account of poverty with a much narrower empirical and theoretical scope was presented for Britain by Robert Walker (1994).

⁷ For a general explication of the concept of individualisation see below and chapter 2. For its application to poverty see Berger (1994) and Andreß and Schulte (1998) who put the thesis of an individualisation of poverty to an empirical test.

To say that poverty lasts shorter than previously thought, and that poor people are more capable than suggested by the passive stereotype of the excluded needy, almost sounds like an ‘all clear’ signal. It is true that this study calls into question stereotyped negative assumptions about inevitable spirals of decline. However, the fact that vulnerable life courses are far more complex than suggested by undifferentiated images of the problems of ‘the unemployed’, ‘the old’ or ‘single mothers on welfare’; the fact that poverty as a temporary condition affects a great many more people than the usual statistics reveal; the fact that even the middle classes experience poverty – all this shows that poverty – far from waning – has become more complex, more tangled and more menacing. The new approaches have not made poverty policy easier and less pressing but, on the contrary, have made it more difficult and urgent.

The dynamic approach to poverty cannot be classified under outworn labels, whether ‘right’ or ‘left’, ‘critical’ or ‘ameliorative’. Rather, what comes into view are the outlines of a new, complex landscape of poverty, challenging the established political classes and social movements of both right and left to a new relationship to this growing structural problem facing society today.

In most countries the debates about poverty tend to reveal strongly held beliefs and deep-seated convictions, and it is hard to find non-partisan views. One common way of dealing with the problem of poverty has been to deny its existence altogether, or at least to refuse to accept poverty as a structural problem requiring social reform, and to instead blame poverty on the poor themselves. Poverty in the German Federal Republic has long been concealed or underestimated, or declared to have already been abolished. This was facilitated by the successful reconstruction in the 1950s, the so-called ‘economic miracle’, and by the fact that in Germany there were fewer obvious divisions within the labour market and among ethnic groups than in other countries.⁸ The common conclusion that poverty was concealed or denied is only one side of the coin. There has always been an opposing tendency in political circles, particularly since the 1970s, which emphatically rebuked the tendency toward complacency in welfare society. The political history of poverty in the Federal Republic is inadequately described as a history of denial, since it was at the same time a history of dramatisation – of the attempts by critical social scientists, journalists and representatives of the social welfare professions to present the public with a convincing picture of the unmet needs of those who had been left behind in the wake of economic progress.

⁸ For the reasons why poverty remained underestimated in Germany see Leibfried and Voges (1992b, pp. 12–15).

These two ‘cultures’ of social policy stood in direct opposition to each other over a broad front and continue to ignore each other to the present day. While some see poverty as a self-evident burning problem which has increased in severity in recent years, others view it as a ‘non-subject’, a topic which does not appear on the list of currently salient political issues, or if it does, only because it costs the state money. Today, unemployment is recognised as an issue of the highest priority by all political groups – but this recognition still does not apply to poverty even though the ‘new poverty’ was proclaimed years ago. The boundary between the two cultures over this topic does not invariably fall on the line that divides ‘left’ and ‘right’. In addition, there is an intervening position of ‘normal’ unperturbed awareness of poverty, but it remains rare.

Those who deny the problematic status of poverty justify themselves by history. Over a century ago poverty in Germany was declared to be a marginal problem, in that ‘the social question’ was defined as a question of labour and not of poverty. Differently than in the USA or Britain, ‘the poor’ were defined as a residual category in social policy. The general deprivation of the early years after the Second World War formed the background for the take-off of ‘the people’s path from poverty to new wealth’, as Ludwig Erhard, the long-time Minister of Economic Affairs and ‘father of the economic miracle’, expressed it. From this perspective, in ‘normal’ times the developed industrial societies are societies without ‘real’ poverty. Poverty is perceived as simply relative; as temporary, as it is currently held to be in the New Federal Territories of Eastern Germany; as a necessary counterpart to excessive levels of consumption under the pressure of global competition (as seen from Germany); or, when it refers back to older moralistic notions, as the culpable consequence of workshyness and irresponsibility. In rebuttal, dramatisers and critics insist that relative poverty in developed societies is no less offensive to human dignity than is absolute poverty in developing societies. They point to the increase in poverty since the 1980s and the growth in old and new forms of impoverishment such as unemployment, homelessness and overindebtedness.

A negative dramatisation also exists, connected with the strategy of denial and used by market liberals and neo-conservative politicians, especially in times of economic crisis. This focuses less on the social needs of the poor than on the assumed threat to German economic competitiveness, with slogans such as workshyness, dependency culture and excessive social security benefits.

The time would therefore seem ripe to shatter the outdated and unquestioned assumptions of both sides, and to halt the blind incomprehension of society’s dealings with poverty. The fact is that both sides exclude the poor: the deniers define poverty as a marginal problem of ‘the asocial’, while the

dramatisers relegate it to being a problem of the victims of social conditions condemned to passive suffering. Both perspectives have outlived their time. Poverty today is predominantly a problem of and for 'normal' people, neither asocial nor hopelessly marginalised, and for whom there are rational political solutions. From the outset, this rationality has been furthered by the dynamic approach to poverty. Two leading representatives of dynamic research in the USA, Mary Jo Bane and David Ellwood (Bane and Ellwood 1994), served as Assistant Secretaries in the US Department of Health and Human Services in order to conceive a reform of the American welfare system for the Clinton administration (1993–1995; see the vivid account by DeParle 1996), before welfare 'reform' turned into the radical bill signed by Clinton in August 1996.

Poverty has – once again – become a structural problem in our societies. In Germany it is no longer a neglected or cut-off peripheral zone, but a central field of social policy, precisely at this time when the 'old' West German, the new East German and the ethnically coloured poverties come together (Hauser 1997a). A book about poverty, therefore, cannot aim only to meet the expectations of those who already know that poverty is a pressing social problem. Work of this kind must also be able to address those who until now have taken a rather reserved stance towards the dramatised presentation of real need in today's society. A new, differentiated and less ideological image of poverty is required which suggests avenues to a new approach to poverty and to an effective reform of society.

The sociological treatment of poverty reflects both of these two cultures as well as the neutral middle ground. The sociological approach to poverty in Germany can be divided into three tendencies. First is the traditional research into *social inequalities*, which is concerned with classes and strata and which stems directly from the origins of sociology in the eighteenth and nineteenth centuries. Second is the research into *marginalised groups* which flourished in the 1970s, building on older American traditions, and which has led to a great many studies of the homeless and 'street people', juvenile delinquents and the like. The third tendency is a broad and somewhat undefined tradition which is more *empirically descriptive* and oriented towards social policy rather than theory, based on statistics of unemployment, Social Assistance claims and income data, and influenced by the two other tendencies according to context. The two former traditions closely resemble, respectively, the denying and the dramatising approaches to poverty.

One might have expected the inequality approach to make a contribution to the subject of poverty, but in Germany research into inequality and into poverty have largely ignored each other. Studies of inequality have chiefly focused on the earning 'core population' and have thus ignored the non-

earning population (children and young people, housewives and the old) or relegated them to dependent positions (Kreckel 1992, p. 43, Berger and Hradil 1990b, p. 5). But these are precisely the groups which are most at risk of impoverishment. In addition, a further limitation arises:

A silent premise of current inequality research is the exclusion of certain categories of socially disadvantaged people, the so-called 'marginal groups', from its domain. Traditional inequality research is concerned only with 'normal' inequalities and not with the 'deviant' ones. (Translated from Kreckel 1992, p. 43)

The lowest zone in the structure of inequality becomes an undefined residual category, something which is left over when the mass of the population has been allocated to the conventional classes or strata.⁹ This academic approach to inequality reflects the dominant public denial of poverty, but it also reflects the reality of life in West German society after the war, when gainful employment and family membership ensured participation in increasing affluence for most people.

The research into marginalised groups was more responsive when confronted with the intricate realities of poverty, but precisely for this reason it was more inclined to concentrate on the hopeless cases and to play down the situation of those poor whose suffering was not as obvious or extreme. Here we find the prevailing origins of the dramatising approach to poverty.

The descriptive social-policy tradition, by contrast, was more open, but its theoretical horizons and its links to recognised fields of sociology were limited. German poverty research was for a long time peripheral to the development of sociology (Hauser and Neumann 1992, Leibfried and Voges 1992b) – by comparison with the Anglo-Saxon world in which poverty is always perceived as part of the sociological analysis of inequality. In the British tradition in particular, from the early nineteenth century onward poverty constituted a central theme of the conflicts between economics, philosophy, political science and the field of social administration (Pinker 1992).

The shortcomings of German research were especially notable in the 1980s, in that it omitted to pay appropriate attention to the dynamic aspects of poverty. It is true that analysis of marginal groups took account of time, but only in the context of predetermined downwardly mobile careers. If life courses have become more unstable and risky for members of the middle classes, the social sciences must react to these developments and deal with the dynamics of poverty in a more realistic manner. That is what the dynamic approach aims to do. It contributes to the 'sociologising' of German poverty research and at the same time takes up relevant ideas from

⁹ See for example Karl Martin Bolte's summary of West German post-war sociology's stratification models (1990).

each of the three modes of research mentioned above and pursues them further.

The dynamic approach

The new approach was developed in the USA.¹⁰ Since the end of the 1980s it has been taken up in Germany and Britain and in some other countries, to analyse the dynamics of income poverty and of social assistance receipt, also in the context of municipal social reporting.¹¹ The approach was introduced into Germany in the long-term study of Social Assistance claimants in Bremen (Leibfried 1987, Leibfried, Leisering *et al.* 1995), which is the subject of this book. This research project has carried out longitudinal studies since 1989, which have been facilitated by the availability of longitudinal data and influenced by theoretical and methodological developments in sociology, especially life-course research (Kohli 1986a, Mayer 1986, Heinz 1991a). Comparative studies of social assistance dynamics in Western societies are also emerging (Duncan and Voges 1994, Duncan *et al.* 1995, Gustafsson and Voges 1998, Leisering and Walker 1998d, Buhr 1998).¹²

Since 1990, the new branch of poverty research has also been furthered by the dynamic methods of socio-structural analysis which have been developed using the Socio-Economic Panel (SOEP, internationally available as GSOEP), a panel of several thousand private households throughout Germany (Rendtel and Wagner 1991, DFG 1994). Following the

¹⁰ See especially Rydell *et al.* (1974), Duncan (1984) and Bane and Ellwood (1986); see also Rainwater, Rein and Schwartz (1986). An overview of US publications is provided by Buhr (1991).

¹¹ The German and British pioneers include Leibfried (1987), Buhr *et al.* (1989), Leisering and Zwick (1990), Headey, Habich and Krause (1990), Bonß and Plum (1990), Berger (1990), Ashworth *et al.* (1992), Ashworth and Walker (1992), Walker (1994) and Leisering, Leibfried *et al.* (1995). For Sweden see Salonen (1993), for Norway Nervik (1997) and Hvinden (1994), for the Nordic countries in general Fridberg (1993); for Hungary see Andorka and Spéder (1996), for Austria Stelzer-Orthofer (1997) and for Switzerland Salzgeber and Suter (1997). Further British studies include Jarvis and Jenkins (1997, 1998), Walker (1998), Walker and Shaw (1998), Noble *et al.* (1998), Shaw *et al.* (1996) and on-going research by the Centre for Analysis of Social Exclusion (CASE), London School of Economics, directed by John Hills. For further German publications see p. 57. The volume by Leisering and Walker (1998a) gives a comprehensive account of the new approach, with contributions on the theory, methods and policy conclusions and longitudinal case studies by authors from various countries.

¹² Two research projects are currently working on a cross-national study of social assistance dynamics: our own Bremen project and Chiara Saraceno's research network, The Evaluation of Social Policies Against Social Exclusion at the Local Urban Level (*ESOP0*). Adequate administrative data are still rare in Europe, with the German data used in this book ranking among the best in Europe. Household panel data on social assistance dynamics (see e.g. the analyses by Ashworth *et al.* 1995 for Britain and by Voges and Rohwer 1992 for Germany) are less satisfactory than administrative data.

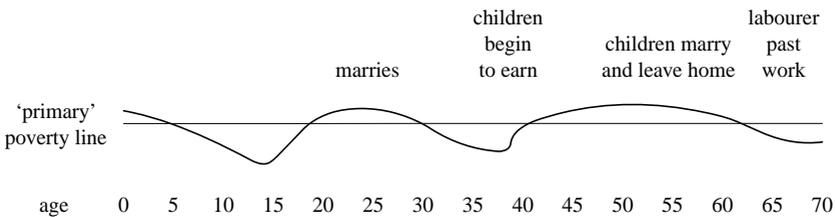
example of the Michigan Panel Study of Income Dynamics (PSID; see Hill 1992) in the USA, household panel studies have been established in many European countries in the 1980s and 1990s. Panel studies have normally been confined to quantitative analyses of income trajectories, without systematic theoretical references to institutions, policies and political discourses related to the structure of life courses (as exceptions see Headey, Habich and Krause 1990, Berger 1990 and Bonß and Plum 1990) and without qualitative analyses of people’s biographical orientations of action. In this sense, the panel studies express a dynamic approach, but fall short of a full life-course approach.

The founding father of what nowadays is known as the dynamic or life-course approach to poverty was Benjamin Seebohm Rowntree (1871–1954), a pioneer of empirical research into poverty. In his epoch-making study of poverty in York, a city in the North of England, he discovered a century ago that workers typically were not poor throughout their whole lives but only during certain stages: when they had dependent families or their earning power was limited, for instance by ageing. Rowntree wrote:

The life of a labourer is marked by five alternating periods of want and comparative plenty. . . . A labourer is thus in poverty and therefore underfed –

- (a) In childhood – when his constitution is being built up.
- (b) In early middle life – when he should be in his prime.
- (c) In old age.

The accompanying diagram may serve to illustrate this:-



It should be noted that the women are in poverty during the greater part of the period that they are bearing children.

We thus see that the 7230 persons shown by this enquiry to be in a state of ‘primary’ poverty, *represent merely that section who happened to be in one of those poverty periods at the time the enquiry was made.* Many of these will, in course of time, pass on into a period of comparative prosperity; this will take place as soon as the children, now dependent, begin to earn. But their places below the poverty line will be taken by others who are at present living in that prosperous period previous to, or shortly after, marriage. Again, many now classed as above the poverty

line were below it until the children began to earn. The proportion of the community who at one period or another of their lives suffer from poverty to the point of physical privation is therefore much greater, and the injurious effects of such a condition are much more widespread than would appear from a consideration of the number who can be shown to be below the poverty line at any given moment. (Rowntree 1901, pp. 169–172)

This passage depicts how Rowntree explained the life-cycle perspective on poverty. He stated explicitly why he found the static perspective misleading: only the longitudinal perspective allows one to see how poverty tends to arise only at certain points in the life cycle. Poverty cannot be equated with belonging to any specific group. To be a member of the manual working class is not synonymous with being poor – in contradiction to the equation of ‘the working classes’ with ‘the poor’, a notion that prevailed up to the nineteenth century. As far as the poor population as a whole is concerned, Rowntree established that a count confined to the number on a single day (or in a single year) – as is still the practice in most countries – underestimates those affected, since it conceals those who experienced poverty at an earlier stage of their lives or may do so in the future.

Current poverty research based on life-course theory generalises Rowntree’s approach.¹³ This does not confine the periods of poverty to those of increased family needs and reduced earning power previously found by Rowntree, but it inquires more generally into any periods of poverty during the life course, since they may have widely differing causes and may occur at very disparate points during life. The demand that poverty should be studied in the light of temporal considerations was made in German poverty research many years ago, for instance in the initial studies of marginal groups (see the foreword to Otto Blume’s study (1960), or Wolfgang Glatzer and Hans-Jürgen Krupp 1975, p. 222). However, for a long time there were neither the longitudinal data sources nor the theoretical sociological tools of life-course research required to meet this demand.¹⁴

Today it is becoming increasingly apparent that it is not only poverty but social inequality as a whole which must be seen in a temporal perspective. Ulrich Beck pointed out, in his book *Risk Society* (1992, German 1986), that current inequalities divide less and less predetermined classes and strata, but generally take the form of temporary ‘periods of inequality’ in people’s individual biographies (see also Berger 1990, Kohli 1990). The

¹³ Rowntree himself carried out further studies of poverty in York in 1936 and 1950. His 1950 survey data were re-analysed by Anthony B. Atkinson (1989, chapter 4). On Rowntree’s relevance in general see John Veit-Wilson (1986).

¹⁴ In Britain, Pete Alcock (1997) included sections on poverty dynamics in his comprehensive textbook on poverty.

instability of people's social status is not just one of sociology's discoveries: rather, it is a precondition and legitimating model for the freedom of our social order. It is only the openness of access to social positions, in theory giving every individual opportunities for advancement in economic, political and other fields of activity, which makes the structural inequality of positions in society at all acceptable to the mass of the population. But at the margins of society, among the lower-income groups and the 'socially vulnerable' and 'underclass', the model of equal opportunity is feeble. The suggestion that socially excluded people should re-establish themselves in the normal realms of social life is usually no more than a vapid abstraction, since it has no realistic chance of success.

Although the conventional viewpoint underestimates the dynamic aspects of poverty, it does contain some elements of the perspective which can be taken up and generalised. We have distinguished three significant strands of research which have been important in analysing poverty: macro-sociological research into inequalities (the analysis of classes and strata); micro-sociological research into marginalised groups; and the descriptive social-policy-oriented study of poverty. All three strands offer contributions to a dynamic approach.

Research into inequality has been based on static conditions and nowadays often still is (Rohwer 1992, pp. 367ff.). The unequal distribution of the population, for instance by their occupational positions on a single sample day, is presented as more or less permanent and understood as the class structure, illustrated in the form of the familiar stratified pyramid. The assertion that Germany is a two-thirds society, or well on the way towards one, is a simplified and politically overstated version of this approach. But even in this research tradition one finds the instability of life being taken into account. Research into social mobility¹⁵ investigates the processes of ascent and descent, particularly in occupational careers, though it usually excludes the marginalised sections of the population. In such studies they are considered only as members of the undifferentiated category of 'unskilled workers'. If one examines the educational and occupational status of their fathers, one can to that extent empirically fathom the depth of the roots of underprivilege over the generations.

In the *descriptive social-policy approach* to poverty research, the dynamic element is found most clearly in the life-cycle theory of poverty, as proposed by Rowntree. However, the 'problem groups' (such as the old, the unemployed, single parents and large families) in which this approach typically locates poverty are more or less statically defined, even though one

¹⁵ See the comprehensive study by Erikson and Goldthorpe (1992), who conclude by calling for what amounts to life-course analysis (p. 397).

could say that they correspond to particular stages in working and family life. Some writers in this research tradition have therefore concluded that poverty arises only or especially at certain stages of life (e.g., Krause 1993, pp. 25ff., Salonen 1993, pp. 107ff., Room 1990, chapter 7).

Research into marginalised groups is based on sociological action-oriented approaches, particularly labelling theory. This research tradition is fundamentally dynamic. The dynamics of marginalisation are identified in three ways, in the first place through institutionally induced downward careers and exclusionary processes. It shows that social institutions – the ‘forces of social control’ such as the police, social work and psychiatry – have a lasting effect on the dynamic evolution of individuals’ problems such as criminality, homelessness and mental disorder (for an early summary see Karstedt 1975). The relationship here between the welfare state and the life course is painted in sombre colours. Furthermore, students of marginalisation also investigate the cumulative processes of psycho-social collapse which follow from prolonged deprivations, even if social institutions did not contribute to the effects (the momentum of social deprivation). The best-known example of this kind of study is the analysis conducted by Marie Jahoda *et al.* (1975, German 1933) of the impact of long-term unemployment upon individuals. Finally, transmitted deprivation from one generation to another is an important poverty dynamic commonly considered in studies of marginalised groups. The ‘culture-of-poverty’ version actually assumes that the poor live in some enclosed world of their own which facilitates the ‘transmission’ of poverty within the affected family. The intergenerational approach thus makes most use of the time dimension – possibly too much, since the few longitudinal studies carried out in this field tend instead to qualify the associations claimed (Rutter and Madge 1976, Atkinson 1989, chapter 5, see also Buhr 1991, p. 428).

References to dynamic aspects found in the existing research outlined here are limited and biased. The assertion that, as a rule, poverty lasts a long time and becomes entrenched in the course of time, is still dominant. How can this belief have arisen? The reasons are to be found in the data, the methods and the theories used.

The first reason is that the groups of poor which were the subject of this research were unrepresentative of the poor as a whole. Marginalised groups such as the homeless and street people are no more than segments of the poor population among which long durations of poverty are more commonplace, but they do not reflect the experience of the majority whose poverty is generally less visible.

The descriptive social-policy approach to poverty research covered a wider spectrum of poverty, as in studies of representative samples of all Social Assistance claimants in a city (e.g., Strang 1970) or all inhabitants of

the Federal Republic with incomes below 50 per cent of mean or median household incomes (e.g., Hauser *et al.* 1981), but the data collected contained scarcely any information on the course and duration of poverty. The same was true of official data such as the Federal statistics on Social Assistance. Apart from two special surveys from 1972 and 1981,¹⁶ information on the duration of claims has only been available since 1994, following the revision of the Social Assistance statistics (Beck and Seewald 1994). In Germany and most other European countries, e.g., Britain, the simple questions of how long poverty lasted, and how many short-term and long-term claimants there were, could not be answered until 1990, and they were generally not even asked. Most restricted themselves, for no good reason, to the poverty of the long-term and socially excluded, as did even the high profile empirical research into the 'new poverty' by Lompe *et al.* (1987).

Second, the limited perspective of existing research has its methodological roots. One of the usual aims of biographical studies, such as of the residents of hostels for the homeless, was to determine the history of their earlier lives – how it came about that they arrived on the margins of society – but they were almost never asked about what happened afterwards, about the further history of their poverty. The respondents were generally interviewed during and not after a spell of poverty. Thus the dominant conclusion reached was that poverty and deprivation were fundamentally long lasting, and that poverty lasting for an extended period inevitably led to marginalisation and the loss of the respondent's capacity to act. In the 1980s and 1990s it was generally assumed that there was an increase in the number of long-term Social Assistance claimants, which was blamed on rising unemployment. By contrast, the dynamic approach to poverty research took into its ambit not only the paths into poverty and the deprived conditions but also the escape routes from poverty.

Finally, we must also highlight the theoretical problems of older research traditions, principally the assumption that 'careers' in the field of poverty were cumulatively reinforcing and could only lead in a downward direction (as in Hess and Mechler 1973). When one treats social exclusion as the consequence of social labelling processes, those affected are casually transformed into the passive victims of external social influences (by officials and social workers, and the stigmatisation of neighbours), which makes active opposition and escape from poverty seem hopeless.¹⁷ Poor people are frequently not taken seriously as capable of autonomous action, as active

¹⁶ Statistisches Bundesamt (1974a, 1974b, 1983b, 1983c). For time data on claimants of Social Welfare (*Fürsorge*) before the Social Assistance Reform Act of 1962 see Statistisches Bundesamt (1962).

¹⁷ For an examination of the varieties of the labelling approach and the different gradations of 'victimisation' of the poor see Rains (1975).

subjects who can take part in shaping their own life courses. Even in social policy studies other than research into marginalised groups, the assumption is widespread that social problems become fundamentally reinforced with the passage of time (as in Hauser and Hübinger 1993, pp. 70ff.). This belief is itself so deeply rooted that even the study of Social Assistance in Bremen originally assumed the general validity of such processes (Leibfried 1987, pp. 835–837).

The dynamic perspective arose out of earlier work in this field. Three sources may be distinguished, growing out of each of the three traditions of poverty research described above: the theory of ‘individualisation of social inequality’, critical research into Social Assistance, and the social indicator movement.

In the 1980s Ulrich Beck had already criticised the outdated macro-sociological research into inequality. The crude social groupings of class, strata and culture no longer reflected the realities of contemporary society. Even poverty had become ‘*individualised*’ and ‘*temporalised*’ (Beck 1986). If inequality were to be understood, biographies would have to be analysed in their rich variety. According to Beck, collective forces such as traditional morals, religion or family have lost their power to give order to life, while ‘secondary institutions’ such as the labour market, the welfare state and the mass media have acquired significance as the engines of individualised life courses. ‘Individualisation’ in Beck’s and our usage does not, therefore, imply an a-structural concept of the individual as an agent free to choose and be held responsible for his or her situation (see chapter 2). Rather, ‘individualisation’ means the rise of ‘secondary’ institutions which control individual behaviour less directly than did the older, collectivist institutions (Leisering 1997a). ‘Individualisation’ in this sense offers individuals chances to pursue their goals, but at the same time puts more pressure on them to take personal control over their lives under the given circumstances. Beck was the first in Germany to offer a theoretical formulation of the dynamic approach to poverty research (1992 [German edition, 1986, pp. 143–151]).¹⁸

Besides individualisation theory, the second source of the dynamic perspective was *critical research into Social Assistance*. This was the starting point of the Bremen study of Social Assistance: like the research into marginalised groups, we aimed to study processes of social exclusion. This was connected to theoretical aspects of the recent sociological research into the life course (Leibfried 1987). The life-course approach (see chapter 2) combines micro- and macro-sociological perspectives, taking account of the activities and life projects of the subjects as much as of the directive

¹⁸ This section is not included in the English translation (Beck 1992).

interventions of the welfare state and other institutions. What also helped was a specially commissioned data set giving details of the course and duration of Social Assistance claims from the official files, the first of its kind in Germany. All this made it possible to carry over the older forms of dynamic analysis into a more open approach, one which did not presuppose downward careers but instead treated them as one type among others.

Third, dynamic longitudinal analyses also developed from the descriptive social policy approach to poverty research. As long ago as the 1970s, poverty was a theme of the *social-indicator movement* which aimed to monitor society on an on-going basis by means of statistical indicators of important dimensions of life. As longitudinal data started to become available from the annual Socio-Economic Panel Study from the end of the 1980s, it became possible to analyse the dynamics of poverty. The forerunner was a study carried out by the Social Science Research Center Berlin (*Wissenschaftszentrum Berlin für Sozialforschung, WZB*) (Headey, Habich and Krause 1990), the authors of which were recognised as the first to question the widespread belief in a ‘two-thirds society’ on the basis of empirical findings.

As regards our approach of seeing the poor as active agents and not simply as passive victims, we received a crucial methodological stimulus from an analysis of processes outside the poverty research field: namely from the study of ‘patient careers’ carried out in London and other cities by the German sociologist Uta Gerhardt. Her research approach systematically treats the subjects as active agents, and thus aims to illustrate the variety of ways in which they cope with or overcome problem situations. Chapter 5 in this book is modelled on this approach. More generally, Gerhardt’s Weberian methodology provides a way of linking action and structure, biography and society, in the study of social inequality (see chapter 12, pp. 283f; see also pp. 112–114).

Previous poverty research also included studies which revealed that the ways of coping with poverty vary among individuals. Some authors emphasised the individual’s experience of poverty in its social context (such as Münke 1956, Strang 1985 and Lompe 1987), while others also took into account the connections between total life history and the life stage spent in poverty (such as Tobias and Boettner 1992, Hübinger 1989, 1991). However, none of these authors took the further step of systematically looking at routes out of poverty. At a theoretical level, the ability of poor people to act as agents has been highlighted by Amartya Sen’s concept of capability (1983, 1992), and by the related concept of *Lebenslage* (life situation) proposed in the German literature for example by Glatzer and Hübinger (1990) and by Hartmann (1992).

To sum up: if the findings reported in this book call some well-worn

assumptions about poverty into question, it is chiefly because they are based on three methodological approaches which are novel or rarely used in combination in European poverty research. These approaches can be summarised as follows:

- (1) By taking a longitudinal view of each individual's life we bring the whole of their poverty history into the picture – including the pre-history, any changes which took place during the periods of poverty and, depending on the individual case, the escape routes from poverty – instead of examining solely the acute condition of poverty. Longitudinal surveys of social assistance careers were not available in Europe before the 1990s.
- (2) A representative sample in one city of all those who made Social Assistance claims in the course of one particular year makes it possible to include a broad range of all the different problem situations which arise. It is little known that representative surveys have rarely been carried out in German poverty research (exceptions include Strang 1970, Kopnarski 1990, Jacobs and Ringbeck 1994). Instead, the usual method has been to study selected groups of poor people who are homeless, unemployed or long-term Social Assistance claimants.¹⁹
- (3) In addition to the statistical analyses, the research subjects have themselves been given a distinct voice through intensive biographical interviews. Instead of assuming from the outset that they were passive victims of external forces, the research has taken them as seriously as anybody else in society, as active subjects who deal with their situations in various ways.

There are several reasons why the problem of poverty should be studied through the experiences of current and former Social Assistance claimants. The Social Assistance threshold is a politically established boundary of considerable social significance. To claim Social Assistance is a sign of social descent. By studying Social Assistance claimants we can see how welfare-state institutions deal with poverty situations, and it allows us to test in particular the effectiveness of Social Assistance itself. Since we are examining Social Assistance claimants' entire life courses, we can also shed light on poverty situations which fall beyond the restricted perspective of the official poverty administration.

¹⁹ The Federal Statistical Office's Income and Expenditure Sample Survey (EVS), which has been used for poverty analyses in the course of social-indicator research (e.g. by Hauser and Semrau 1990, Becker 1997, Hauser 1997a) and other nationwide data sets such as the Welfare Survey, are in fact representative (though with exceptions) of the whole Federal territory, but have generally been used only to collate information about some of the cruder aspects of poverty, such as the socio-demographic composition of the poor population. Most of the numerous poverty reports from the German local authorities (see Habich and Noll 1993) supply data which are already available.