Stefano Ronchi

Social Minimum in the New Welfare State: Minimum Income Protection in Slovenia

WP-2WEL 4/13

In partnership con

Stefano Ronchi graduated in March 2013 in Labour Science – International Labour and Social Policies – from the University of Milan, with a dissertation entitled *Poverty, New Social Risks and Minimum Income Protection: The Case of Slovenia*. His research interests deal with new forms of poverty and social policy, with a focus on minimum income policies. At present he is enrolled in the second level Master in Public Policy and Social Change at Collegio "Carlo Alberto" (Moncalieri, Turin). He has been cooperating with the project *Percorsi di secondo welfare* since May 2013.

e-mail: stefano.ronchi86@gmail.com

Percorsi di secondo welfare is a research project started in April 2011. It is structured as a partnership, led by Franca Maino as director and Maurizio Ferrera as scientific supervisor, both academics at the University of Milan, and hosted by Centro Einaudi in Turin. The venture has been funded and actively supported by our partners: ANIA, Compagnia di San Paolo, Fondazione Cariplo, Fondazione Cassa di Risparmio di Cuneo, Fondazione Cassa di Risparmio di Padova e Rovigo, Fondazione con il Sud, KME, Luxottica and Corriere della Sera.
Percorsi di secondo welfare is committed to enhancing the common understanding of what has recently come to be known as "second welfare". The term refers to a mix of social protection and social investment programs which are not funded by the State, but provided instead by a wide range of economic and social actors, linked to territories and local communities. Through the collection and evaluation of new initiatives and best practices, the Observatory seeks to promote a "virtuous nesting" between first and second welfare, that will ultimately be able to tackle the challenges posed by the emergence of new social needs, and worsened by the present financial situation.
The website www.secondowelfare.it collects the most significant "second welfare" experiences at mostly national but to some extent international levels, and attempts to spread them for purposes of evaluation and, hopefully, dissemination. Our research also seeks to build a strong conceptual framework for future reference. The final report (autumn 2013) will elaborate on these experiences and best practices in order to offer a more extensive view on developments and perspectives for "second welfare" in Italy, and to ultimately help grow the capacity of the actors who take part in its advancement.

2WEL, Percorsi di secondo welfare • Centro Einaudi
Via Ponza 4 • 10121 Torino
telefono +39 011 5591611• e-mail: segreteria@centroeinaudi.it
www.secondowelfare.it • www.centroeinaudi.it

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Keywords

social minimum, guaranteed minimum income,
social investment state, Slovenia

ABSTRACT

SOCIAL MINIMUM IN THE NEW WELFARE STATE: MINIMUM INCOME PROTECTION IN SLOVENIA

Notwithstanding the shift towards a *social investment welfare state* advocated by the EU and detected by a number of theoretical studies, the guarantee of an adequate *social minimum* on which the frame of the new welfare should be based is often lacking, largely sidelined by prevailing drives for retrenchment. This paper aims at assessing the validity of this claim, using minimum income protection as yardstick. We start with a glance at the current state of minimum income schemes across EU Member States and then move to an in-depth case study: Slovenia. Relying on the benchmarks recently suggested by the European Parliament, we assess the efficacy and efficiency of the Slovenian minimum income scheme (Financial Social Assistance) after the latest "activation reforms". The interplay of social assistance with the traditional unemployment insurance scheme is also examined: as a consequence of a gradual erosion of the latter, in Slovenia targeted minimum income protection has *de facto* become the main shock absorber for a considerable number of unemployed. This expansion of social assistance reinforces the need to rise the adequacy of minimum income protection in the whole EU in order not to neglect the social minima that should serve as essential basis for the development of a truly inclusive new welfare paradigm.

SOCIAL MINIMUM IN THE NEW WELFARE STATE: MINIMUM INCOME PROTECTION IN SLOVENIA

1. INTRODUCTION

The European Social Model stands out for the emphasis put on the pursuit of social inclusion as basic ground for the "smart and sustainable" growth in which Europe 2020 agenda is rooted [COM (2010) 2020]. Although far from being homogeneous in this respect, Europe has in fact developed over time a set of comparatively generous welfare systems, aimed at redistributing wealth and reversing the conditions of poverty generated as side-output of the (now Single) market for the most vulnerable individuals. The fight against poverty and social exclusion has hence emerged as a fundamental pillar in order not to leave behind those who are at the bottom of the income distribution.

In spite of this noble intent—recurring in the rhetoric of the EU official documents—empirical studies reveal that inequality has slightly raised worldwide since the mid-1980s, Europe being no exception (OECD 2008). Although levels of social expenditure are at their historical peak and notwithstanding the increased attention paid to employment-centred policies since the 1990s, EU Member States have not been capable to significantly reduce the levels of relative poverty. The strict budgetary limits of the era of "permanent austerity" (Pierson 2001), summed with the set of the both exogenous and endogenous shocks that affected western welfare states, have indeed constrained European social policies into the road of a gradual retrenchment of welfare benefits. The focus on the activation component of many reforms has often been used in the last two decades to conceal a systematic curtailment in those programmes aimed at protecting the poor, partly jeopardizing their redistributive potential (Cantillon 2011, Nelson 2013). As a result, European Member States do not seem to have put in place "new" welfare systems capable of guaranteeing social minima that are adequate to the standards pursued by the Union itself.

Minimum income protection is here taken as a yardstick to assess the validity and the extent of this statement. In fact, it plays a key role as buffer against poverty, as it is directly targeted to the more needy and deprived citizens that cannot rely on a decent market income. Furthermore, because of its theoretical nature of universal (i.e. non-categorical) last safety net, it is apt to include also those who are excluded not only by the market, but also by social protection institutions developed during the Golden Age of the so-called industrial welfare state (Paci 2005, Marx 2007). Many social insurance schemes—typically developed to cope with the needs of the Fordist labour force—are in fact no more capable to grant adequate shelters against the *new social risks* that have sprung in the changed post-industrial society. After the vanishing of the myth of full employment, in a context of service economies based on more flexible labour markets, the discourse on a new and more encompassing protection for working-age individuals has acquired crucial importance. When standard unemployment protection fails to cover the needs of a broadened variety of workers, minimum income protection comes into play. Apparently, social assistance is thus expanding its original role and still needs to mutate its configuration in order to effectively pursue the aims set by the EU for actively combating the new wave of poverty and social exclusion.

With the only exceptions of Italy and Greece, albeit in varying degrees, all European Member States have set a *guaranteed minimum income*, i.e. a monetary threshold under which citizens should not fall thanks to the intervention of social assistance. The adequacy of these schemes in fighting poverty is however far below the standards supported by the EU. In the light of the benchmarks recently suggested by the European Parliament with reference to publicly granted *social minima,* this paper takes in exam a peculiar case study: minimum income protection in Slovenia.

The former socialist country, after having experienced a gradual and rather successful transition, joined the EU in 2004 and—relying on a core of favourable *policy legacies*—has by now reached a level of social protection that is comparable with the one shared by the old continental Member States. Since 1992 Slovenia has provided itself with a well-structured minimum income scheme—now complemented by various activation measures—in order to cushion the impact of poverty on most deprived people. Like the other post-transition countries, Slovenia represents a very interesting case to be studied in order to shed light on the dynamics underlying the *recalibration* of welfare states. The former Yugoslav Republic experienced in a very short lapse of time the abrupt emergence of a huge amount of new risks and needs, springing from the overlapping shifts towards market economy and post-industrialism (through a delayed process of *tertiarization* and labour flexibilization). Being a fortunate exception within the cluster of Central and Eastern European countries, Slovenia has managed to face these challenges while minimizing path-breaking shocks. Keeping in mind this distinguishing institutional background, we analyse the evolution of the national minimum income scheme, assessing its adequacy and taking also into account its interplays with the other welfare institutions associated with unemployment.

As a result of the gradual retrenchment of the national schemes of unemployment insurance within the frame of an increasingly fragmented labour market, the Slovenian minimum income scheme has indeed expanded its role, which—despite the priority recently given to austerity policies—still retains its consistency after the outbreak of the crisis. In the case of Slovenia, although far from the level of generosity wished by the EU, Financial Social Assistance appears to have become more relevant than the traditional "Fordist" unemployment insurance in the protection of the unemployed. This holds true from two different perspectives: both in terms of the share of recipients among registered unemployed (i.e. relying on Slovenian *administrative* data) and in terms of comparative data on public expenditure for social exclusion n.e.c.[1] and unemployment (ESSPROS data).

The first paragraph attempts to draw the lines of the rationale that stands behind the European fight to poverty and social exclusion. We claim that, despite the shift towards a new model of active *social investment welfare state* advocated by the EU and detected by a number of academic theoretical studies, the guarantee of an adequate *social minimum* on which this new welfare architecture should be based is lacking, sidelined by prevailing drives for retrenchment. In the second paragraph, an overview on minimum income protection in the EU-27 largely supports this hypothesis: the European normative approach is contrasted with the inadequacy reported by the most recent empirical researches and evidences. Paragraph three is dedicated to the case study of Slovenia: first, a brief description of the epochal social, political and economic change implied by the transition is necessary; then, we retrace the policy trajectory and analyse the national minimum income scheme, namely Financial Social Assistance (FSA), assessing its efficacy and efficiency after the latest reforms. The Slovenian anomaly in the balance between unemployment insurance and social assistance is also highlighted. The last section draws the conclusions, underlining the most interesting implications of the case study in the scope of the EU-level debate over the need for a more adequate minimum income protection in order to concretely ground the changing welfare states and the multitude of existing impulses for *social innovation* on more stable and just social minima.

2. SOCIAL MINIMA IN THE NEW WELFARE STATE

2.1. Poverty and inequality in the EU

The eradication of poverty and social exclusion has been one of the priorities of the EU since the dawn of the European Social Model, and a decisive target since the Lisbon Agenda was set. The underlying principle is that the complex process to effectively build "the most competitive and the most dynamic knowledge-based economy in the world" cannot disregard a serious strategy for social inclusion.[2] The understanding of poverty in which the EU grounds its efforts is a wide, multidimensional concept that distances itself from the static definition of *absolute* poverty. The indicator most commonly used by European officials and scholars refers

[1] Not elsewhere classified. For a description of the indicators on expenditure I refer to Eurostat (2011).

[2] The reference is to the well-known essential goal of the Lisbon Agenda, set by the European Council, 23-24 March 2012 (see http://www.europarl.europa.eu/summits/lis1_en.htm).

to *relative* poverty, with the threshold set at 60% of the national median equalised disposable income.[3] Needless to say, a so defined concept of poverty is strongly bound to the concept of *inequality*, as it is capable to vary with the overall wealth of the advanced western economies and—even more important—it directly derives from a keen concern for the issue of redistribution.

Notwithstanding these ongoing reflections on the foundations of the fight against poverty and social exclusion, on average inequality has increased across Europe in the last three decades (OECD 2008). In other words, the gap between those who are better-off and those who are worse-off has spread, meaning that a reduction in the redistributive capacity of welfare state has indeed occurred (Cantillon 2011). The reasons behind this paradox are various. We can roughly summarize them following the synthesis suggested by Cantillon (2010). The beginning of the "welfare *retrenchment* era" since the Seventies corresponded with the emergence of the so called new social risks, i.e. that variegated group of risks not adequately covered by post-war welfare institutions as a consequence of the transition to a post-industrial society.[4] The financial constraints threatening the generosity of established welfare states constrained the policy-makers' room for manoeuvre: a reduction of the existing social benefits was not matched by equivalent gains on the side of new "zero-sum-game" tools to cope with inequality and poverty in a service economy characterized by an alarming *"joblessness"*, especially for the least-skilled (Marx 2007). The "recalibration" of the welfare state (Ferrera and Hemerijck 2003) implied a shift toward potentially less redistributive welfare measures. The European Employment Strategy—with its marked stress on the activation of the maximum number of individuals in order to minimize their vulnerability while at the same time "adding fuel" to the existing welfare engine—benefited only partially workless households. The raise of the investments on services (e.g. care services to reconcile work and family life, education and training, job counselling, etc.) rather than on direct cash transfers went in the same direction. Services are in fact by definition less redistributive than direct public transfers to the more needy; furthermore, albeit they are apter to meet the demands of the bulk of the new-social-risks-bearers, their outcomes are strongly affected by the social stratification of new social risks.[5]

[3] Although relative poverty is by far the most common indicator, *material deprivation* is the indicator that comes nearest to the concept of absolute poverty (Eurostat 2010). The other fundamental dimension of the new European conception of poverty is *social exclusion*. While relative poverty accounts for the economic poverty—i.e. "the distance between individuals within the same social structure (the market)" (Agodi and De Luca Picione 2009)—social exclusion refers to a set of indicators that approximate the "social" distance from the means (and opportunities) that can lead to a full participation in the society (for the rigorous definition of the indicator see again Eurostat 2010). Worthy of mention, some authors lament a lack of validity and credibility of the "mainstream" relative poverty indicator: their claim is that the preclusion of the possible existence of absolute poverty is an assumption that fits no more the nature of the society of the actual multi-tiered enlarged Europe (see e.g. Marx and Van Den Bosch 2007).

[4] For an exhaustive review on the causes, nature, and politics dilemmas of the new social risks I refer to the wide dedicated strand of literature. For instance see Esping-Andersen (2003), Taylor-Gooby (2004), Paci (2005), Armingeon and Bonoli (2006), Marx (2007).

[5] An example directly taken from Cantillon's 2010 paper can undoubtedly help in clarifying this last point. As she states with regards to one of the "ambiguities" of the *social investment state:* "If one wishes to

As a matter of fact, poverty is an increasing cause of concern in the EU. The 2008 crisis has clearly exacerbated the social issue: the percentage of people at risk of poverty or social exclusion has quickly raised from 23.6% in 2008 to 24.2% (i.e. around 119.6 million people) in 2011. Although one of the core targets of Europe 2020 strategy is to lift at least 20 million people out of the risk of poverty or social exclusion by 2020, in the midst of the recession the outlook appears definitely far from that ambitious aim. Forecasts can be even more pessimistic if we turn the attention to those Member States who are notably worse-off. The absolute priority given to strict restrictive fiscal policies has in fact on one side evidently sidelined the social targets of Europe 2020, on the other—as by now acknowledged even by its main early-times advocates[6]—austerity has triggered a perverse cycle which has caused recession and public debts to further worsen in the most fragile countries.[7]

2.2. Inadequate foundations for the new welfare state

The mutated set of risks and needs in post-industrial society has entailed a change also on the "welfare supply side". In spite of the budgetary constraints dictated by the permanent austerity, advanced European welfare states have indeed moved in the direction of renovation and recalibration. It is the Lisbon Strategy itself (and latterly Europe 2020) that aims for innovative solutions in the scope of social policy, basically calling for more efficient measures capable to cope with new social risks and needs, starting from adequate investments for the development of human capital so as to "empower" the citizens and pave their way for a full insertion in the "knowledge society".[8]

Many authors have tried to interpret this shift, and various names have been suggested to designate the new nature of welfare state.[9] A common denominator is undoubtedly found in the term "active", which explicitly appears in the Presidency

support emancipation process by increasing women's labour force participation, then a policy must be employed to facilitate a combination of work and family life. Obviously, this policy will first benefit those who already participate in the labour process, in the hope that the others will follow. However […] activity rates of low-skilled mothers remain significantly below that of their high-skilled counterparts. […] More generally, focusing on new social risks while disregarding social class is detrimental to the distributional capacity of social policy" (Cantillon 2010: 6).

[6] Above all, the IMF: see Eyraud and Weber (2013).

[7] A particularly fitting definition is found in the expression "austerity trap". On this regard, in the *World of Work Report 2012* the ILO stated: "Austerity has, in fact, resulted in weaker economic growth, increased volatility and a worsening of banks' balance sheets leading to a further contraction of credit, lower investment and, consequently, more job losses. Ironically, this has adversely affected government budgets, thus increasing the demands for further austerity. It is a fact that there has been little improvement in fiscal deficits in countries actively pursuing austerity policies" (ILO 2012).

[8] The issues of *social innovation* and *social investment* are crucial in this discourse. For an in-depth review on the key role played by the former at the Union level, I refer to Canale (2013). For an analysis of "social investment policies" from various viewpoints, see Morel, Palier and Palme (2012).

[9] There is no clear consensus yet on whether it is a fully-fledged paradigm shift or not. A remarkable attempt to give theoretical consistency to the social micro-foundation of the new welfare state can be found in Busilacchi (2011). The author tries to locate the acknowleged core traits of the "new welfare" within the wider Amartya Sen's capability approach's framework.

Conclusions of the Lisbon European Council.[10] The new leitmotifs of the welfare state debate are well expressed in the "social investment" approach proposed by Giddens (1998), according to which the state must act pre-emptively—encouraging the formation of human and social capital—and not solely *a posteriori* by limiting the effects of undesirable events. Preventive intervention on human capital is thus seen as the solution which can bring an end to the "vicious cycle" of poverty (and welfare dependency) which seems, on the contrary, to be fostered by Fordist *compensatory* measures (Ferrera 2010).

The prospective new welfare paradigm appears however divided between two diverging drives pointing two opposite poles. On one side we have the "positive pole", based on the view of social policy as fundamental social investment—and hence productive factor—capable to trigger a fair and just growth. Activation measures and education are seen as key factors in order to go beyond the post-war welfare state, solving its inconsistencies while empowering citizens giving them an effective freedom of choice. By the other side we find what Clasen and Clegg (2006) call "low road" towards activation, meaning a clear preponderance of neo-liberal drives: cut spending while pushing individuals towards the labour market, mainly through "negative incentives" to accept low paid jobs. In the latter case, the principle does not differ significantly from the "make work pay" adage typical of neo-liberal *workfare*. The good intentions implicit in the former pole are here neglected: rather than a recasting of welfare state, the "negative pole" does to some extent constitute a straightforward prosecution of the retrenchment era. When retracing the two routes of social investment policies, Morel, Palier and Palme (2012) distinguish between two main ways that may be overlapped to the aforementioned poles. The Nordic way—which combines traditional social protection with social investment—falls close to the positive pole; the Aglo-Saxon one—which tends to substitute traditional compensatory spending with new investments in human capital—gets close to the negative pole. An additional pattern that complements this overall figure is what has been recently named "second welfare" (Ferrera and Maino 2011, Maino 2012), referring to the increasing participation of private actors (notably bank and community foundations, trade unions, firms, organization from the Third Sector and so forth) in the co-production of welfare. In order to stem the dismantlement of the welfare state, the welfare mix is in fact being rebalanced in favour of non-public actors. In this view, the constraints on public spending can be (partly) countervailed by innovative social investments funded by non-public resources: multi-level, multi-stakeholder coordinated plans can trigger virtuous processes of social innovation capable to enlarge the set of social services that would otherwise overcharge the already frail State budget.[11]

[10] See http://www.europarl.europa.eu/summits/lis1_en.htm. The definition "active welfare state" was firstly launched by the former Belgian Minister Frank Vandenbroucke (see Vandenbroucke 1999) and then featured in the works of a number of scholars, like e.g. Paci (2005).

[11] Note that there is no way for the second welfare to substitute the "first" one. Second welfare can rather complement public schemes, acting in subsidiarity and expanding the possibility to effectively meet the new variegated citizens' needs. The State (and local administrations) itself should act to encourage, coordinate and monitor these kinds of initiatives for the sake of granting the efficiency and equity of the

Despite the noted path-dependent cross national variation in the implementation of new welfare policies, ideological blueprints for a paradigmatic change do exist. In this regard, Ferrera (2012) has proposed an original label for the ongoing ideological turn that seems to pool together those core values of both liberal-democratic and social-democratic traditions that have survived the socio-economic changes.[12] He defines the emerging ideological synthesis *"liberal neo-welfarism"*. In his view, the declining parabola of neo-liberalism is in fact gradually giving the way to this new trade-off between the legacies of the two opposed paradigms which have marked the rise and fall of the modern welfare state. The spring of what we have called "social investment welfare policies" is so said to be grounded also in the transformations occurred in the realm of political philosophy. The main reference reported by Ferrera is to the Anglo-Saxon school of *egalitarian liberalism*, especially in the "difference principle" articulated by Rawls (1971). According to this, social and economic inequalities can be accepted to the extent they are to be of the greatest benefit of the least-advantaged members of society. Liberal neo-welfarism ideology stems from an egalitarian conception of negative freedom (*à la* Rawls) that is inextricably linked to positive freedoms insofar as equality is de-contested and read in favour of opportunities and "life chances"—in other words, "capabilities" and "functionings"—recovering the rationale of Sen's (1993) *capabilities approach*.[13]

These acceptations of freedom and equality theoretically justify the underlying principles of the social investment state advocated since Lisbon. It must be noted that, in accordance with the Rawlsian "*maximin* principle", no one should be left behind in this active inclusion strategy, meaning that an adequate *social minimum* should be set in order to provide every citizen with the same starting conditions from which to develop his/her capabilities. According to this ideological frame, no effective liberty can be asserted if these minimum starting conditions are neglected by the State: people who fall below a certain level of minimum resources suffer a lack of life chances and cannot be considered "free". They are *de facto* excluded from a full participation in the society.

Assuming this as the precondition for developing the new lines of an active welfare state, we focus our inquiry on the social policy by definition most related with the public guarantee of a social minimum, that is minimum income protection. As it has been reminded by Nelson (2013: 387), "the prominent role assigned to minimum income benefits in the overall system of social protection is not confined to policy discussions at European level, but has long been central to the scholarly discussion about welfare state organization and social justice." Marshall (1950) himself placed the guarantee of minimum income at the core of social citizenship rights.

first-second welfare mix. For an exhaustive definition of second welfare and its positioning in the debate on "social innovation", see Maino (2012) and Canale (2013).

[12] For a semantic clarification on the three diverse connotations of the word "liberal" (i.e. the Italian distinction between *liberismo*, *liberalismo* and *liberalesimo*) I refer to Ferrera (2012: 5-6).

[13] On this last point see also Busilacchi (2011).

We so use minimum income protection as yardstick to assess the solidity of the basic foundations on which the EU is laying the bricks of the social investment welfare state, or—referring to Ferrera's theorization—to prove if a shift toward liberal neo-welfarism has actually occurred. If it is true that "the alternatives and options opened by post-neoliberalism may well liberate actors from the constraints of institutional stickiness and path dependence [...] of the neo-liberal ideology" (Ferrera 2012: 17), we claim that the EU as a whole is still trapped in the "hegemonic chains" of neo-liberalism. As it emerges from the next sections dedicated first to the overall European framework and then to the an in-depth case study, empirical evidences show in fact that the level of minimum income guarantees throughout Europe is far from being adequate in providing fair and just social minima. Moreover, the general decline of the adequacy of social assistance has gone hand in hand with the increased emphasis put on activation measures (Nelson 2013). This means that "social investments" have bent towards what we have called "negative pole" of welfare innovation. Brought back to the heart of the policy discourse by the backlash of the economic crisis, the risk of excluding the most vulnerable people from the "knowledge society" seriously undermines the very foundations of the "new welfare state", whose redistributive capacity seems so far to fall well short of expectations and requirements.

3. Minimum income protection in the EU-27

In the overall welfare state architecture, minimum income protection lies within the scope of social assistance. Since its very beginning it was meant to be a limited public intervention, selective (through a means-test) and residual, as it is targeted to the most needy individuals (or households) and subsidiary to their self-reliance within the market. To be more precise, we can break down the core traits which characterize Minimum Income Schemes (MIS):[14]

❶ they are "guaranteed" and not contributory nor occupational: they are in fact granted on a universal basis, not depending on previous contributions but funded on general tax revenue;

❷ they are "minimum", as they are conceived as the ultimate safety net of the social protection system. As such they are not earnings-related, but, on the contrary, they are bound to the national perceptions of minimal living standards (including both income and assets);

❸ they are generally paid as a means-tested differential cash amount filling the gap between the actual disposable resources of entitled individuals/households and a reference threshold.

[14] The definition that follows is taken and re-adjusted from the working paper written by Casas (2005) on behalf of the European Anti-Poverty Network.

This threshold is the *guaranteed minimum income*, which in practice identifies by law the "national social minimum" in monetary terms. It serves as reference threshold both for the means-test and for the assessment of the total amount of cash due to the recipient.[15] It generally varies depending on the composition of the household and other possible factors that can be taken into account in the *equivalence scale* used for the estimation of the benefit.

As implied in the definition above, MIS clearly differentiate themselves from unemployment insurance. Their rationale is not to act as a mere replacement income related to the previously earned wage as unemployment subsidies generally do. On the contrary, setting a universal social minimum, they concern vertical redistribution of wealth and spread the coverage of public protection—albeit at a minimal level—on a wider set of potential beneficiaries. These include also uninsured workers, first-time job-seekers, long term unemployed and all of those individual that usually slip through the other existing safety nets. Figure 1 sketches out the various steps of the income protection cycle for people in the working-age, showing how this mechanism functions in all fully-fledged European welfare states.

Figure 1 • Income protection cycle

Source: Bin (2012)

Unemployment subsidy is the first "gear" to be activated after a job loss, while MIS come into play as last-instance safety net when the terms for the unemployment benefit expire (if the recipient is still in need) or to protect individuals not entitled to them and whose resources are below a given level.

Certainly, minimum income protection is only one of the policy-tools that can determine the overall effectiveness of a welfare state in fighting poverty and social exclusion. If we widen our view to the broader concept of income security, what comes first is the inclusiveness and adequacy of existing insurance-based subsidies (Nelson 2004), combined with universalistic schemes. Albeit it is the overall generosity of a welfare state—and hence the interplay between the whole set of social

[15] A clarification on the terms used from now on is necessary. *Coverage*, *eligibility* and *take-up* are three crucial concepts for the assessment of MIS. According to the definition adopted by Frazer and Marlier (2009) in the scope of an EU-wide report on MIS, people are *covered* by a scheme if: (a) they meet all the eligibility criteria and are therefore entitled to receive the benefit; or (b) they meet all the eligibility criteria except the low income/assets criterion, meaning that when the risk materializes, all things remaining constant, they will be entitled to receive the benefit. Once a person is *entitled* (or *eligible*)—leaving aside attempts of fraud or incorrect, discretionary applications of the means-test—he/she can either *take-up* the benefit (thus becoming a *beneficiary* or *recipient*) or not. Non take-up situations—whether due to the stigma often associated to social assistance, or to a lack of information—constitute a serious and common threat for the efficacy of MIS.

transfers—that is crucial for explaining the aggregate levels of poverty, MIS are found relevant for reducing the *intensity* of poverty for the marginalized groups[16] (Vandenbroucke *et alii* 2012). The EU Commission itself reports that "in most Member States and for most family types, social assistance alone is not sufficient to lift beneficiaries out of poverty" [COM (2008) 639], as guaranteed minimum income levels are on average far below the relative poverty thresholds (see figure 2).[17] The key-role virtually played by MIS in alleviating the conditions of poverty and extreme deprivation for the worse-off is nevertheless confirmed by various EU-wide empirical studies (Frazer and Marlier 2009, IRS 2011, Nelson 2012).

Minimum income protection acquires further importance in the light of the socio-economic turn entailed by post-industrialism. The structural changes that affected the labour market since the 1970s' economic slowdown have inexorably reduced the possibility for the low-skilled (often recognized as the "losers" of post-industrialism) to reach economic self-reliance within the market (Marx 2007, IRS 2011). The Fordist rationale on which post-war social insurance schemes were based—typically the provision of a replacement income for male-breadwinners employed with permanent contracts in case of occasional wage losses—has lost its consistency. An increasing number of new social risks-bearers—first of all, for our purposes, uninsured workers—are chronically unable to attain a sufficient income either from the market or from established first-tier protection schemes. This spreading of vulnerability makes minimum income schemes crucial insofar as they become the unique safety net for those who are excluded by the antecedent social protection schemes, especially in welfare states that developed along strictly occupational, non-universalistic patterns. Social assistance schemes that were originally intended as residual and temporary solutions for small borderline groups have now become a quasi-permanent source of income for larger sections of the population (Marx 2007: 17).

In this regard, Nelson (2008) speaks in terms of "resurgence of low-income targeting": an increase in the share of public expenditure for means-tested benefits across OECD countries has indeed occurred until the early Nineties. An abrupt decline in the real value of social assistance transfers is however observed from the mid-Nineties onwards (Nelson 2008, Cantillon 2011, Nelson 2013).[18] As aforementioned, the "social investments agenda" endorsed by the EU, in line with the employment strategy, largely prioritized active labour market policies (ALMP) on the adequacy of direct cash transfers, whose eligibility conditions and work

[16] That is, for instance, households with very low work intensity (Vandenbroucke *et alii* 2012).

[17] The Commission Communication also pinpoints another deficiency with regards to take-up rates of social assistance. While estimates in the UK, France, Germany and Netherlands are in a range of 40% to 80%, "the EU average shows a starker reality: only 18% of the non-working population at-risk-of-poverty is in receipt of social assistance (even if this figure must be qualified: it does not take into account receipt of other types of benefits)" [COM (2008) 639 final]. See also Frazer and Marlier (2009).

[18] Nelson analyses rely on the innovative SaMip (Social Assistance and Minimum Income Protection Interim dataset) developed by the Swedish Institute for Social Research. Information are directly available at http://www2.sofi.su.se/~kne/.

requirements were furthermore tightened (Casas 2005, Frazer and Marlier 2009, BIN 2012, Nelson 2013). The preference for workfare measures has raised concern on the fairness of the work-test to apply, which often seems to be used as a means of reducing the number of claimants rather than to strengthen the human capital of recipients, so undermining their substantial freedom (Nelson 2008, EAPN 2010, BIN 2012). This points in the direction of our hypothesis on the prevalence of the "negative pole" in the debated shift towards an active welfare state.

If the main stress has been put on activation measures, the basic pillar of the EU "strategy for an active inclusion"—i.e. adequate income support—has not been neglected at least at a normative level by the European institutions.[19] During the 1980s, the original golden-age faith in the power of economic growth to enhance the life chances of all the citizens started to be shaken and the need to deal with the social dimension of the internal market arose (Ferrera, Matsaganis and Sacchi 2002: 229). The first direct reference to minimum income protection is contained in the Council Recommendation of 24 June 1992 (92/441/EEC), which explicitly encouraged Member States to establish or improve MIS or "functional equivalents", asking the Commission "to organize […] the systematic exchange of information and experiences and the continuous evaluation of the national provisions adopted". However, since the late-1990s the soft-law approach prevailed in the anti-poverty strategy of the EU, and an Open Method of Coordination was adopted in the field of social inclusion, in the hope that it would have promoted an output-based convergence towards the enhancement of the social dimension of European integration (Ferrera, Matsaganis and Sacchi 2002, Vandenbroucke *et alii* 2012). Unfortunately, the wished convergence does not seem to have occurred: on the contrary, at present minimum income benefit levels show a wider diversity across countries than in the early 1990s (Nelson 2008). At the outbreak of the crisis, MIS acquired a renovated importance in the policy debate: a Commission Recommendation [COM (2008) 639] relaunched the founding ideas of the 1992 Recommendation. The European Parliament even went one step further with the Resolution of 21 October 2010, which specifies a criterion for the assessment of the adequacy of MIS: guaranteed minimum income should be set "at a level equivalent to at least 60% of median income in the Member State concerned", that is nothing but Eurostat's relative poverty threshold.[20]

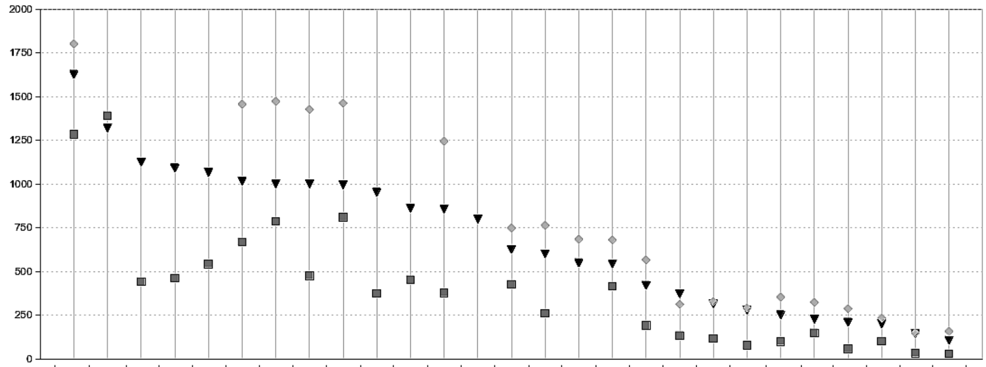
The actual state of MIS in the EU displays a starker reality. Figure 2 compares the levels of guaranteed minimum income for a single person with poverty thresholds in the 27 Member States. For those countries that have a statutory national minimum wage, this is also included in the graph in order to check for the width of the

[19] According to the 2008 Commission's Recommendation on active inclusion, the two complementary pillars which should be combined to an "adequate income support" in order to tackle poverty and social exclusion are "inclusive labour markets" and "quality services" [COM (2008) 639].

[20] This can be considered as a sort of operationalization of the concept of "fair social minimum" in the EU, carried out by the European Parliament itself.

incentive to work for MIS recipients.[21] With the only exception of Denmark, basic guaranteed minimum incomes (for a single person) fall far below the national poverty thresholds.[22] European MIS are thus far from setting an adequate universal monetary social minimum. If the aim is to develop a truly inclusive "social investment state" based on an up-to-date idea of social justice, the existing foundations are proved to be too weak to support such an ambitious frame.

Figure 2 • Poverty tresholds, gross minimum wages, and basic levels of Guaranteed Minimum Income (GMI) for a single person in the EU-27. Monthly values in €



	LU	DK	SE	FI	AT	NL	BE	FR	IE	DE	CY	UK	IT	ES	SI	EL	MT	PT	CZ	SK	EE	PL	HU	LV	LT	BG	RO
▼Poverty Threshold	1627	1320	1125	1091	1066	1016	1000	1000	994	952	860	857	799	626	600	549	543	421	373	315	280	251	227	210	200	145	106
■GMI	1283	1390	441	461	542	668	786	475	809	374	452	377	-	426	260	-	415	190	133	116	77	99	148	57	101	33	28
◆Minimum Wage	1801	-	-	-	-	1456	1472	1426	1462	-	-	1244	-	748	763	684	680	566	312	327	290	353	323	287	232	148	157

Sources: GMI – author's calculations from MISSOC 2012 (2010 for AT, HU, PL, SK: highest possible level of the benefit; AT, ES: highest GMI across regions; UK: weekly amount converted to monthly; IT, EL: no GMI)

Minimum wages: Eurostat 2012 (no statutory national MW: DK, SE, FI, AT, DE, CY, IT)
Poverty thresholds: Eurostat 2012 (2011 for IE)

4. A PECULIAR CASE STUDY: SLOVENIA

4.1. The transition at a glance

At present, the capability of the diverse welfare regimes to adjust to post-industrial risks and needs largely determines the effectiveness of national strategies for social inclusion.[23] In this regards, Central and Eastern European (CEE) transition coun-

[21] A strong concern for the so called *welfare dependency trap* is among the causes of the erosion of benefits and the tightening of conditionality rules in social assistance. According to the job search theory, income supports in fact influence the job-seeking effort, causing the emergence of disincentives to work in the case of too high reservation wages. Intuitively, people would prefer to "be on welfare" rather than doing low-paid jobs if the latter option implies no significant increase (if not a decrease) in their overall income. As shown in figure 2, this is not the case in any of the observed countries.

[22] In this figure, MIS basic reference amounts are based on elaboration on data provided by the MISSOC: http://www.missoc.org/. A recent in-depth analysis held by Nelson (2013) on SaMip data shows very similar results.

[23] For a review on various patterns of adaptation to new social risks in the "four social Europes" see Ferrera and Hemerijck (2003),Taylor-Gooby (2004), Armingeon and Bonoli (2006).

tries can be considered a sort of natural quasi-experiment, as, after the fall of socialism, they experienced in a very short lapse of time a paradigmatic recalibration of their existing welfare systems in order to cover a huge amount of (previously negligible) risks and needs sprung from the overlapping shifts towards market economy and post-industrialism.

Although the same is true for Slovenia, the small European country represents a fortunate exception within the cluster of CEE countries. A mix of comparatively favourable economic, institutional and political conditions allowed Slovenian policy-makers to reject an abrupt neo-liberal "shock treatment"[24] and to opt for a gradual, incremental adaptation of the pre-existing (rather generous) welfare arrangements. The result of this peculiar process is a social protection system that falls in between the continental welfare regime—due to path-breaking shifts towards Bismarckian, meritocratic principles—and the social-democratic one—due to path-dependent remains of Beveridgean universalistic schemes (Kolarič, Kopač and Rakar 2009). The transition also went hand in hand with the process of "Europeanization" culminated with the accession to the EU in 2004: Slovenia is the first former Yugoslav republic that has succeeded in building up a neo-corporatist, inclusive democracy (cf. Bohle and Greskovits 2007) and a market economy capable to reach that goal.[25]

At the time of the independence from Yugoslavia (1991), Slovenia was the most flourishing economy of the Federation: although its population amounted to just 8%, Slovenia accounted for 20% of the overall Yugoslav GDP (Sachs and Pleskovic 1994). Since the 1980s Slovenia took advantage from the high degree of decentralization which characterized the Yugoslav socialist self-management system to introduce market-oriented reforms. Hence, the transition did not started from scratch: the country inherited a relatively concentrated and export-oriented economy which included the Yugoslav most advanced, capital-intensive companies with consolidated connections to western markets (Svetlik 1992, Sachs and Pleskovic 1994, Stanojevič and Krašovec 2011).

The comparatively good economic situation is the first and fundamental factor that paved the way for a gradual transition. Yet it is not sufficient in itself: the second concerns (social) policy legacy. The gradualism of the Slovenian transition

[24] Indeed most CEE governments depended on International Monetary Fund (IMF) stabilization agreements for some part of the 1990s: loan conditionalities also included social and labour policies. The World Bank intruded deeply into domestic processes, funding think tanks and cooperating with governmental reform teams, promoting reforms based on fiscal stabilization which prioritized a rapid introduction of regulative liberalization and organizational privatization (Cook 2010). In other words, the "shock therapy" supported by J.D. Sachs and other western economists (see e.g. Sachs and Pleskovic 1994).

[25] In the Nineties—despite of a persistent delay in the privatization of banking, insurance and public utility sectors and the scarcity of foreign investments—Slovenia was the most prosperous candidate for the EU membership (Ignjatović *et alii* 2002). The GDP per capita (at PPP) at the time of EU accession was higher than Greece's and close to Portugal's (for a snapshot of Slovenia from the European Commission Enlargement Archives, see: http://ec.europa.eu/enlargement/archives/enlargement_process/past_enlargements/eu10/slovenia_en.htm).

finds its clearest evidence in the resilience exhibited by its welfare system. Unlike most transition countries, Slovenia did not experience a serious "welfare gap": largely rejecting neo-liberal shock reforms in terms of massive retrenchment and privatization, it has maintained the strongest and most solidaristic welfare provision amongst the former communist CEE countries (Cook 2010).[26] Slovenia inherited rather well structured social protection institutions, which have been able to grant a certain degree of continuity with the past even after the abandonment of the socialist self-management system. Notwithstanding the vast increase of exigencies placed on it in the early phase of transition, the existing social protection system went on functioning in a very "business as usual" manner (Stanovnik and Čok 2009): in the late Yugoslav period, the Slovenian welfare state had in fact already experienced a substantial process of restructuring. Hence, an incremental pattern was apt to cushion the impact of the unemployment shock in the early Nineties. Crucial from the perspective of minimum income protection, a dense network of local public institutions (e.g. service providers such as Centres for Social Works and even employment offices) had already been developed prior to 1991, so that the new-born democracy could rely on a reasonable administrative effectiveness (Kolarič 1992). Starting from the National Reform Programmes in the early Nineties, the restructuring strategy was obviously enhanced and diversified in order to transform the established Slovenian welfare system into a normally structured "pluralist" welfare mix. Kolarič (1992) speaks in terms of a "strategy of de-institutionalization". The State ceased to be the only provider of funds for the formal as well as for the other, private parts of the welfare state, the latter being relatively well developed yet never fully recognized under socialism. In the sphere of distribution, the process implied a shift from universal to selective access to benefits and services, meaning that the principle of universalism was applied only to a limited quantity of provisions determined by National Programmes, while, beyond that level, services become available according to the specific needs (via means-test) or to the purchasing power of the users.

The last crucial factor which has led to a gradual—and, to some extent, "delayed"—transition is the consensual political system that stands behind the Slovenian policy-making process (Guardiancich 2011). The "rules of the game" set by the 1991 Constitution indeed favoured an incrementalist policy trajectory, insofar as an imperative, path-breaking policy-making style has always proved unsuitable.[27] Slovenia basically opted for a neo-corporatist institutional setting with a multitude of veto points and a proportional electoral system, which naturally favours negotiated solutions and hinders divisive attitudes (Guardiancich 2011). For more than a decade social pacts found almost no obstacles and suited the interests of all

[26] The same can be also said for the Czech Republic. In terms of social expenditure, Slovenia qualifies as the most generous CEE Member State. In 2010, the share of welfare expenditure on GDP was 24.8%, not much less than EU-27 average (29.4%) (Eurostat).

[27] The reference is to the two governments led by the centre-right party leader Janez Janša, whose adversarial style resulted first in a negative electoral feedback and more recently in the no-confidence vote that has led to the actual technical government. For an in-depth review on Slovenian political actors and dynamics, I refer to Guardiancich (2011). This paper focuses on policy outcomes.

the key actors of the transition: they met the needs for legitimization of the weak multi-party coalitions, trade unions (still strong after the transition) needed them as an instrument of wider political exchange, and they also suited the employers' requirements for a stabilization of the economic context (Stanojevič and Krašovec 2011). A close and durable coordination between influential trade unions and centre-left coalition governments decisively contributed to the policy outcome: a generous welfare system was firstly retained and then (partially) recalibrated by the left-oriented actors that led political arena between 1992 and 2004.

After Slovenia joined the EU, these institutional conditions began to fade, as emphasized with the election of a centre-right government in 2004. Even if it cannot be said that a radical break with the past has actually occurred, new urgencies shake the Slovenian consensual system, such as raising unemployment and the growth of the public debt exacerbated by the crisis. Austerity measures have been (and still are) promoted, the crucial concern being to avoid financial crack and bailouts. On the other hand, while the most severe restrictive policies are being voted in the last few years, indirect budget-saving strategies have been pursued since the 1990s, often in the well-known form of indirect, "obscured" retrenchment of which Pierson (1996) spoke: typically, skipped indexation or tightened eligibility criteria and work requirements.

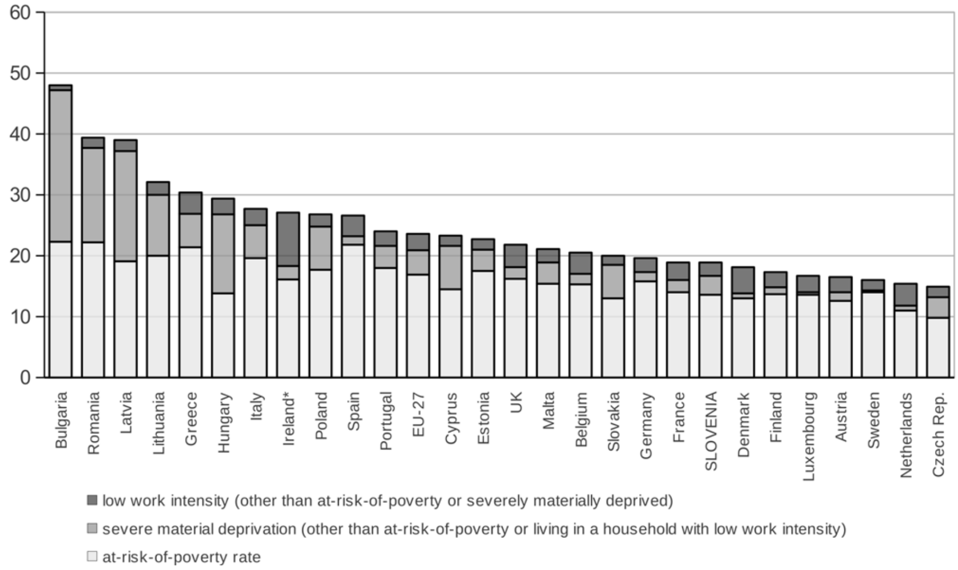
The gradualism pursued throughout the transition does not mean that Slovenia did not have to face the harsh challenges brought by the shift towards market economy and by the opening to globalization and tertiarization. Prior to the fall of socialism, the overall economic and social equilibrium in Yugoslavia was based on full employment, centred on the paradigm of the Fordist full-time permanent worker.[28] The combination of high job security and bad utilization of human resources constituted the very core of the "silent partnership" between the labour force and the party oligarchy. Open unemployment was virtually absent until the year 1989, when its rate seldom exceeded 3% (Svetlik 1992). As the transition came, labour market was drastically reformed (if not even "established") in order to match the new open, competitive economy: this fostered the restructuring of industry—most notably a rapid emergence of the service sector—with an intensity by no means known to western countries. With the liberalization of labour market and the closure of the bulk of traditional labour-intensive Fordist companies, unemployment clearly burst, raising from 4.9% to 9.1% in three-year time.[29] The

[28] Note that, as usual in socialist welfare regimes, also women's participation in the labour market has always been comparatively high in Slovenia. This is reflected in the current figure: employment rate for women in 2011 was 60.9%, higher than the EU average (58.5 according to Eurostat).

[29] These are data from Eurostat Labour Force Survey (LFS). If one decides to rely on Slovenian administrative data (Employment Service of Slovenia, ESS), the figure rises to 14.4% in 1993. The discrepancy finds an easy explanation in the diverse nature of data. The value exhibited by ESS data—deducted from the number of unemployed registered to ESS—is generally higher because from the registration to ESS depends the entitlement to a large number of benefits. Also the attempts of fraud and the presence of a considerable informal sector tend to undermine the consistency of administrative data (see Ignjatović *et alii* 2002, Kump 2008).

unemployment shock was not the only drastic change to occur. The composition of the labour market also varied. Shaped by an increasing competition, it became much more skill-demanding than it was in the past: thus, the low skilled soon emerged as the most penalized category, highly exposed to the risk of long-term unemployment and hence to (also in-work) poverty (Kump 2008, Stropnik 2010). On the other hand, employers' need for lowering labour costs naturally favoured the use of flexible contracts.[30] Temporary job contracts spread very fast, especially among the young: interestingly, Slovenia is now the EU Member State with the higher share of temporary work amongst young employees.[31] More generally, new social risks—in a somehow broader sense relative to western countries'—sprang from the set of changes: Slovenians had to face a far less accommodating labour market, in which a divide between the insiders—"industrial" core workers—and an increasing number of outsiders—atypical workers—inevitably grew.[32]

Figure 3 • Population at-risk-of-poverty and social exclusion in EU-27 (%)



Source: Eurostat 2011 (*2010 for Ireland)

[30] The expansion of flexible works led to the necessity to regulate its use and extent. This came with the overarching Employment Relationship Act (Law No. 42/2002, then amended in 2007) which brought into national legislation the European principles from the framework agreement on flexible contracts. The purpose of *flexicurity* plays a crucial role in Slovenian employment policies, very careful to Europe 2020 targets and flagship actions. In order to boost employment—or, better, *employability*—a strong emphasis has been increasingly put on ALMP and life-long learning (Kolarič, Kopač and Rakar 2009, GRS 2011).

[31] According to Eurostat, in 2011 three out of four employees aged 15-24 worked with a temporary contract.

[32] An emerging dualism in terms of labour market segregation had already been noted by Svetlik (1992: 64): "one can expect a small privileged group of core workers in the primary labour market segment, an increasing number of marginal workers as a result of flexibilization […], and a large group of workers on the secondary segment who will work hard to make ends meet".

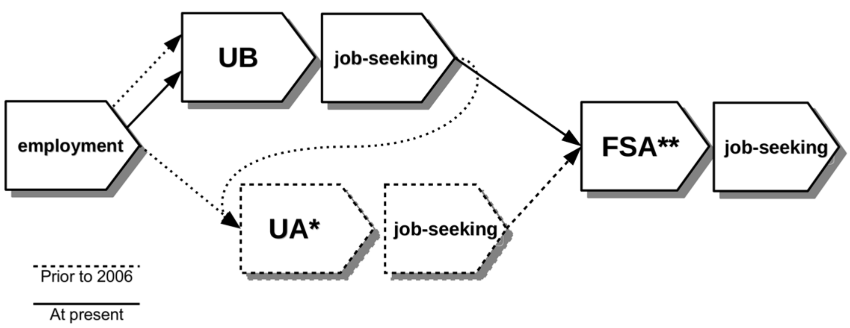
In spite of the hardship entailed by the socio-economic change, even in the midst of the current recession Slovenia exhibits one of the lower at-risk-of-poverty rates in Europe (13.6% in 2011). Figure 3 shows the ranking of Slovenia in respect to the share of population at risk of poverty or social exclusion, one of the Europe 2020 headline indicators: the small country is actually performing better than the bulk of other new Member States as well as than the "old" Mediterranean and neo-liberal clusters.

As soon as wages became more differentiated after the transition, in line with the trend prevailing worldwide (OECD 2008), household income inequality rose significantly, reaching its peak in 1993 and almost stabilizing about a decade later (Stanovnik and Čok 2009). Nevertheless, apparently the Slovenian welfare system has been capable to limit the potential backlash in terms of poverty and deprivation. Minimum income protection has undeniably done its part in this process: in the following section we try to unravel the complex dynamics through which it contrasted poverty while interacting with social protection schemes of different nature.

4.2. Financial Social Assistance: the policy trajectory

In order to shed light on the extent and functioning of Slovenian minimum income protection, we have to start our analysis from a broader perspective, looking at social protection against unemployment for working age individuals in its entirety. A full understanding of social assistance cannot disregard its interplay with the other schemes which come before the last safety net for those who lost (or simply do not have) a market income. Since independence, Slovenian income protection cycle has been based on the pattern sketched in figure 4.

Figure 4 • Income protection cycle in Slovenia



* UA was the non-contributory income-based unemployment insurance for those who were not entitled to the standard UB (downward route above) and for needy unemployed who had not been able to find a job prior to the expiration of UB (upward route). It was cancelled in 2006

** Also students, first-time job-seekers and in general people whose disposable income is beneath the level of GMI can apply for FSA. Diverse indirect income-support measures complement FSA: child/housing/healthcare allowances, one-off exceptional cash transfers

Source: Author's elaboration

The first mechanism to be activated after a job loss is a standard form of contribution-based earnings-related unemployment subsidy (Unemployment Benefit, UB). Until 2006, Slovenia had a two-tier unemployment insurance system. UB was complemented by the income-based Unemployment Assistance (UA), which—albeit less generous—spread the coverage of the protection against job loss both on former recipients of UB still in need after the expiry of the contributory benefit and on redundant workers not entitled to UB (e.g. because of short or atypical job experience). The last-instance mechanism that closes the cycle is the Slovenian minimum income scheme, namely Financial Social Assistance (FSA).

The basic frame of the Slovenian unemployment and minimum income protection system was put in place between 1991 and 1992. The Employment and Unemployment Insurance Act (EUIA, No. 5/1991) laid down the basis of the two-tier compulsory unemployment insurance, which originally covered all the employees, regardless of the typology and duration of the contract (Ignjatović *et alii* 2002, Kolarič, Kopač and Rakar 2009).[33] Both of the schemes are partially financed by employees' and employers' contributions, with the State covering the (generally considerable) deficit from the national budget (Ignjatović *et alii* 2002). The local units of the Employment Service of Slovenia (ESS) are responsible for their provision. While for the UB the amount and duration depend on the length of the working/insurance record, UA was standardized for those who did not meet the minimum contributory requirements.[34]

In 1992, the Social Security Act (SSA, No. 54/1992) established FSA, a non-contributory targeted scheme, disconnected from the previous work experience, entirely financed out of the national budget and administered by the community Centres for Social Works (CSW). This last-resort income support was based on a guaranteed minimum income, that in practice set a (monetary) national social minimum, deemed to be sufficient to cover minimum needs and acting as income ceiling for the entitlement to social assistance (Stropnik and Stanovnik 2002). The Act initially distinguished between two groups of beneficiaries:

- individuals permanently unable to work and those aged over 60, for whom social assistance was the only source of income: they were entitled to a benefit amounting to 60% of the guaranteed wage,[35] named minimum pension support;
- individuals who were, for reasons beyond their control, temporarily unable to secure sufficient minimum means for themselves and their family to live (SSA, No. 54/1992).

[33] There are no distinct treatments for different occupational categories. Besides employees, the self-employed can be insured on a voluntary basis.

[34] UA amounted to 80% of the "guaranteed wage", which used to be the lowest possible pay for a full-time job. As until 1997 it was not suitably indexed, it rapidly lost its connection to real wages (Stropnik and Stanovnik 2002).

[35] See note 34.

For the latter category, FSA compensated the difference between their own (family) disposable income and the guaranteed minimum income.[36] The benefit was individualised and calculated separately for each individual in respect to the position held within the household. Although cash transfers from FSA were too low to guarantee by themselves a decent standard of living, they covered a considerable wider range of potential beneficiaries relative to UB and UA, as testified by the high share of young, low-skilled and other vulnerable categories among recipients already during the Nineties (Stropnik and Stanovnik 2002, Stanovnik and Čok 2009).

The unemployment and minimum income protection schemes were then amended by several subsequent laws. The most important changes came into force in 1998, acknowledged starting point of a new season characterized by the so called "activation reforms" (Kolarič, Kopač and Rakar 2009). The Act on Revisions and Amendments of Employment and Unemployment Insurance Act (No. 69/1998) actually emphasized active social and labour programmes over the passive, widely prevailing in the past. With regards to FSA, a closer coordination and exchange of information between CSW and employment services was established. Beneficiaries of FSA were asked to sign a contract with the local CSW to set a mutual commitment on the pursuit of active solutions, based on the possibility for CSW to continuously check the applicants' status at the ESS and on the priority given to FSA recipients within employment and training programmes (Stropnik and Stanovnik 2002).

In 2002 the rules for the estimation of the guaranteed minimum income changed and FSA took the basic form that, with some adjustments, is still enduring at present. It lost any connection with the guaranteed wage[37] and ceased to be the mere result of a political decision: it was set at a more appropriate level, to be indexed annually to consumer prices. Furthermore, an equivalence scale was adopted in order to better take into account households' composition: the new guaranteed minimum income was obtained by multiplying its reference amount (the amount set for a single person, basis of calculation) by the weight assigned to the number of family members (Stropnik and Stanovnik 2002).

The very turning point came in 2006, when the whole pattern of protection against unemployment was drastically altered. UA was abolished and the entitlement criteria for UB tightened: consequently, the number of unemployed receiving the benefit dropped significantly, with atypical workers being much more likely to be left out from the first-tier (and since then only) insurance scheme. In this regard, Kolarič, Kopač and Rakar (2009: 455) have recently pointed out that the concept of *flexicurity*—formally fully embraced by Slovenian policy-makers—had not been properly introduced yet, since, in line with an actually rather common tendency in Southern and Eastern Europe, "labour market reforms were more

[36] A rent allowance could complement the scheme.

[37] See note 34.

concerned with flexibility and less with security". From the outbreak of the economic crisis until now, the UB has however been modified twice, under the pressure of trade unions and of its own acknowledged limits. The latest update came in March 2013 in the scope of an overarching reform package aimed at reducing labour market segmentation while boosting flexicurity: the minimum duration of the cumulated insurance period necessary to be entitled to UB has been lowered to six instead of nine months.[38]

The curtailments of unemployment insurance put an increased burden on FSA, which to some extent expanded its function despite of the adoption of new tighter requirements. Eligibility conditions were reviewed in 2007 (Law No. 3/2007) and then again in 2010, with a massive reorganization of the entire system of cash transfers and social assistance. The 2010 reform was conceived to rationalise the overall set of means-tested benefits, which were not exempt from drawbacks. Kump, Majcen and Čok (2011) summarize these weak points in the following:

- official records were not completely harmonised among the different authorities involved in the provision of benefits: this led to the possibility of incomes being underreported;
- a not properly controlled accumulation of benefits was possible;
- work incentives were deemed to be low;
- despite of annual indexation, the minimum income had become too low.[39]

Two laws were hence enacted to put order among social rights and to better locate and recalibrate FSA in the mutated framework.

The Exercise of Rights to Public Funds Act (No. 62/2010) introduced uniform rules and procedures for the allocation of the various means-tested benefits: CSW became the *"single entry point"*, in charge of cross-checking income and wealth status through a centralized database in order to simplify the procedures while minimizing the possibility of fraud at the same time (Kump, Majcen and Čok 2011, Stropnik 2011, GRS 2011). The order in which to apply for cash benefits was so set up: (1) child allowance, (2) FSA, (3) pension support, (4) state educational grant.[40]

[38] However, in this case the duration of the right to UB amounts to just two months. The duration of the UB depends in fact on the accumulated unemployment insurance periods: it ranges from two to 12 months, with exceptional extensions for insured persons older than 50 years of age. The basis for assessing unemployment benefits is the average gross monthly pay received in the last eight months prior to unemployment. Unemployment benefits amount to 80% of this basis in the first three months, 60% in the subsequent nine months and 50% after one year of unemployment. The ceiling (892.50 €) and lowest (350.00 €) amount of unemployment benefits are also set. See: http://english.ess.gov.si/jobseekers/unemployment_benefits.

[39] Due to the crisis and fiscal pressures, the indexation had been skipped in 2009 (Leskošek and Trbanc 2009).

[40] Previous benefits are counted in the family income when deciding on the entitlement and level of the subsequent benefit, so to prevent an uncontrolled accumulation (Stropnik 2011).

Simultaneously, the Social Assistance Act (No. 61/2010) amended the SSA, drawing the current features of FSA.[41] The rigidity of the already strict means-test was further tightened: the criteria to assess individual income and assets now include a wider range of earnings, like for instance those coming from occasional work and even casual, non-periodic sums of money (e.g. one-off indemnities). In line with the activation reforms trend, this was thought to encourage potential beneficiaries to find a way out of poverty through their own market activity (Stropnik 2011).

The 2010 Act was supposed to raise the reference value of guaranteed minimum income from 230 € in 2011 to 288 € to be applied from January 2012 (an increase of about 25%). However, since the end of 2010, several extraordinary austerity measures have been enacted to cope with the crisis, and dramatically reduced (and then blocked) the indexation of social benefits, pensions and public sector employees' wages. One of these measures, the Act of Additional Intervention Step for 2012, reviewed minimum income's basic amount before the entry into force of the foreseen increase, lowering it to 260 €.[42]

The equivalence scale has also been reshaped since 2010: in table 1, its current arrangement is compared with the preceding. It now differentiates between many more typologies of individuals/households. Furthermore, the centrality given to the activation of beneficiaries is again clear, since the new equivalence scale includes *work incentives:* those households whose components have a job are rewarded, proportionally to the amount of hours worked ("activity supplements").

Once the amount is determined, the right to receive the benefit lasts for a period of time depending on the recipient's situation. In this respect, diverse forms of FSA exist. For those who are capable to work, FSA is initially granted for a *limited period of time* (three months) and then again for a maximum of six months if the condition still allow the eligibility: provided that an improvement of the beneficiaries cannot be expected for reasons beyond their control, FSA can be granted up to 1 year. *Permanent* FSA is granted to persons aged over 65 (63 if women) or permanently incapable to work, without any income, receipts or property and with no co-habiting person in charge of providing for their subsistence. *Extraordinary* FSA (either one-off or for short period of time, in any case bound to a specific use) can also be granted in case of extraordinary circumstances due to financial hardship.

[41] FSA is regulated by the articles 19-41 of the SSA, whose official consolidated text (translated in English) is available at http://www.mddsz.gov.si/en/legislation/.

[42] Moreover, in May 2012—with public deficit still increasing—Public Finance Balance Act was passed. This act, which came into force on 1st June 2012, tightens the eligibility conditions and reduces benefits amounts. Some measures are permanent while others are temporary: the measures which regulate the bulk of family benefits will be in force until the year when GDP growth reaches 2.5%. Until the end of December 2014, the basic minimum income is set to 260 €, to be indexed regularly to consumer price index; the other social benefits are not subject to any indexation. These latest post-crisis updates have been included in this study thanks to the help of Dr. Nataša Kump of the Institute for Economic Research (Ljubljana), without which a good comprehension of the ongoing changes would have been arduous for a non Slovenian-speaking observer.

Table 1 • Equivalence scales before and after the latest social assistance reform

Status	Prior to 2010 reform (from 1.7 to 31.12 2011)		Foreseen by 2010 reform (never effectively adopted)		Currently in force (from 1.12.2012 after austerity cuts)	
	weight	*Amount (€)*	weight	*Amount (€)*	weight	*Amount (€)*
First adult or single person (calculation basis)	1	**230.61**	1	**288.81**	1	**260.00**
First adult working 60-128 hours/month	-	-	1.28	*369.68*	1.28	*332.80*
First adult working more than 128 hours/month	-	-	1.56	*450.54*	1.56	*405.60*
Single person aged 18-25, living with parents and registered as unemployed	0.7	*161.42*	0.7	*202.17*	0.7	*182.00*
Single person - permanently unemployable or incapable of work, or older than 65 (63 if woman) - living with persons who have sufficient means of subsistence for themselves and are not their family members (according to the definition in the Act)	1	*230.61*	0.7	*202.17*	0.8	*208,00*
Each further adult	0.7	*161.42*	0.5	*144.41*	0.5	*130.00*
Each further adult working 60-128 hours/month	-	-	0.64	*184.84*	0.64	*166.40*
Each further adult working more than 128 hours	-	-	0.78	*225.27*	0.78	*202.80*
The first child: the oldest child who is not a higher secondary education	0.3	*69.18*	0.7	*202.17*	0.8	*208.00*
Further child who is not a higher secondary education	0.3	*69.18*	0.6	*173.29*	0.7	*182.00*
The first child: the oldest child who is a higher secondary education	0.3	*69.18*	0.89	*257.04*	0.99	*257.40*
Further child who is a higher secondary education	0.3	*69.18*	0.79	*228.16*	0.89	*231.40*
Increase for single parent family	0.3	*69.18*	0.1	*28.88*	0.1	*26.00*

Source: www.mddsz.gov.si (Slovenian Ministry of Labour, Family and Social Affairs)

The strictness of the preliminary means-test is reaffirmed in the duration of the benefit and in the conditions to retain the entitlement. Since the cooperation between ESS and CSW has effectively improved, activation requirements has significantly strengthened. Recipients of ordinary FSA are continuously monitored by CSW's officials and must be registered with the ESS, take part in offered programmes and—of course—actively seek employment. When they are long-term unemployed, they are considered a priority group of certain ALMP such as training programmes, and incentives for hiring them exist in the form of subventions to employers. Working requirements are so tightened that recipients have the obligation to accept any employment offer, also "suitable temporary or casual humanitarian or similar work" offered by the ESS after three months from the entitlement. The non-fulfilment of this duty entails the suspension of the right to FSA (SSA, Art. 36b). However, it should be noted that there are no clear evidences of the effectiveness of working obligations and training programmes on the re-insertion of beneficiaries in the labour market. Although the National Reform Programme states that "the principle of *making work pay* should be applied in motivating inactive/unemployed persons to enter the labour market" (GRS 2011: 5), in their national report Leskošek and Trbanc (2009) pinpoint that there is no official information available on how many unemployed people on FSA actually find a suitable job through institutional ALMP.

On the other hand, the generosity of FSA is slightly boosted by complementary allowances and exemptions that support the recipients in various fields, such as healthcare, housing, childcare and other facilities (Leskošek and Trbanc 2009, Stropnik 2011).[43]

4.3. Financial Social Assistance: trends and evaluation

Likewise all other Member States, in 2009 Slovenia reported to the European Commission the status of the national minimum income scheme. Leskošek and Trbanc (2009: 4) outlined the policy design of FSA and drew their conclusions, according to which it "contributes to lower the level [here intended as *intensity*] of poverty and certainly encourages the recipients to find employment because living on FSA is possible solution for very short time. [Minimum income] cannot contribute to reduction of poverty because it is much lower than the at-risk-of poverty threshold". The authors did not only lament the inadequacy of FSA cash amounts, but also too rigid eligibility conditions: in effect, when applying for FSA a person must not have savings and almost no property, meaning that FSA goes to people already into poverty, or at least very near. The 2010 reform, raising the guaranteed minimum income, envisaged a relevant increase both in terms of generosity and coverage. According to the estimations of Kump, Majcen and Čok (2011), the number of beneficiaries was expected to almost double and the average monthly paid cash benefit to reasonably increase, so to raise the bar for statutory social minimum. On the other hand, this enhanced redistributive effort would have weighted more on the government budget.[44]

[43] These bonuses, and the relatively generous Slovenian system of (both means-tested and universal) family benefits, also support the poorest households' income. For a review of other crucial welfare schemes see Kolarič, Kopač and Rakar (2009) and Kump, Majcen and Čok (2011). Although they contribute in shaping the national "social minimum", they are not the subject of this paper, which focuses on the very last safety net.

[44] The aggregate amount of social transfers would have risen by 17.3% (i.e. about € 100 million). Estimations by Kump, Majcen and Čok (2011) are obtained with the microsimulation model which was constructed for the purpose of the reform itself.

In reaction to the alarming increase in the government debt due to the backlash of the economic crisis,[45] the above-mentioned social investment was overwhelmed by the massive wave of austerity measures enacted since the end of 2010: the reference threshold for FSA was reduced, work incentives remaining constant (see table 1).

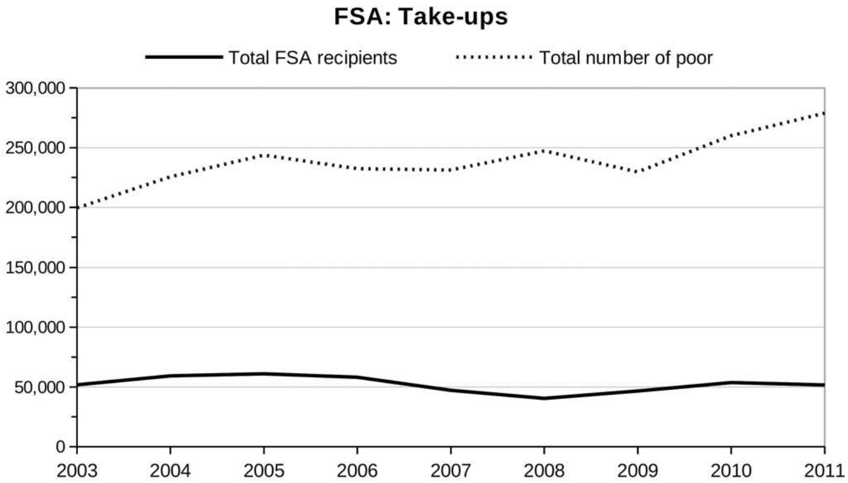
We now evaluate the current performance of the Slovenian minimum income scheme in order to find out if the recent trend of welfare retrenchment and enhancement of activation policies has weakened the state guarantee of a social minimum and, if so, to what extent. In doing so, we refer to the benchmark suggested by the European Parliament [2010/2039(INI)] and discussed in section 3, following an approach already taken by Babić (2012). In addition to the adequacy of the cash transfer in respect to the poverty threshold (*adequacy rate*), we take into account also the scope of the coverage, understood as the number of effective take-ups on the entire range of people theoretically in need of financial assistance (*take-up rate*), i.e. those living below the poverty line (cf. Babić 2012). We rely on administrative data, using annual series from CSW's registers (SURS 2012). The total of recipients is used to assess the take-up rate; for the adequacy rate, we have calculated the overall average amount paid monthly by CSW, including in the count all of the four typologies of FSA, as we aim at capturing the adequacy of FSA in its entirety.[46]

Figure 5 and 6 show the trends (2003-2011) of take-ups and adequacy rate and their spreads with—respectively—the amount of people at-risk-of-poverty and the level of the poverty threshold. A negative pattern does immediately emerge: both of the gaps have increased, meaning a worsening of both efficacy and efficiency of FSA. While the total number of the poor has gradually raised, the number of take-ups has remained relatively constant (figure 5), revealing a relevant deterioration of the take-up rate especially after 2009, when the backlash of the crisis has become clearer: since the economic recovery is deemed to be distant, this gap is likely to further grow in the future. Similar considerations can be drawn with regards to the adequacy of the measure (figure 6). Although annual indexation to consumer prices was established since 2002, some episodes of skipped indexation and the explicit retrenchment brought by the recent anti-crisis austerity measures braked the increase of the amount of the benefit. In other words, the real value of FSA grew at a lower pace than real wages, due to political intervention.

[45] Slovenian general government gross debt has raised from 22% of GDP in 2008 to 46.9% in 2011 (Eurostat), and it is thought to have by now surpassed 50% (IMF).

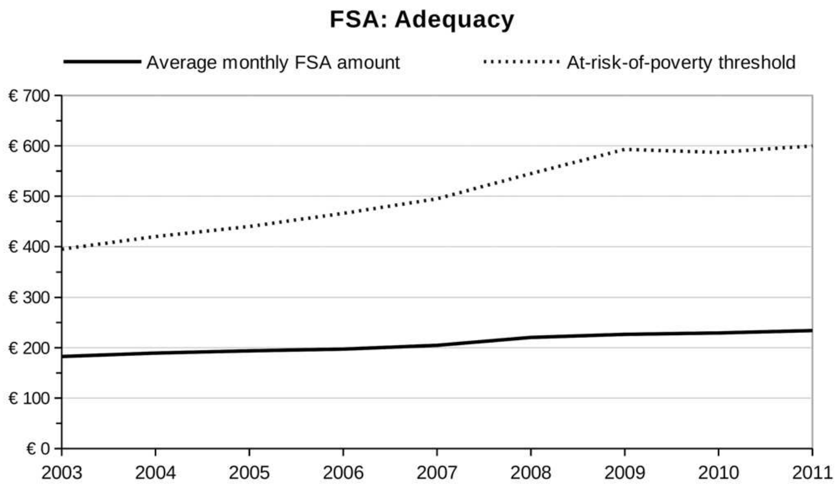
[46] The reference data table is available in SURS (2012). It is split into four typologies: ordinary FSA, permanent FSA, extraordinary (for a limited period), extraordinary (one-off). Since the latter three typologies display a very modest number of beneficiaries, the separate average monthly amounts have been previously weighted by the share of recipients in each typology of FSA. Note that, relying on administrative data on FSA recipients registered at CSW, we do not refer to the nominal value of guaranteed minimum income set by law (input-level, as it was the case with figure 2 and table 1), but rather to the amount of cash benefit actually paid by CSW (output-level), that is what concretely influence beneficiaries' disposable income.

Figure 5 • Trend of take-ups compared to the total number of persons living below the poverty line. Annual variation 2003-2011



Source: SURS (2012)

Figure 6 • Trend of the average monthly amount of FSA (total*) compared to the at-risk-of-poverty threshold. Annual variation 2003-2011



* Weighted average monthly amounts for the four typologies of FSA
Source: SURS (2012)

The effects of the latest curtailments are synthetically shown in table 2, that gives a clear-cut snapshot of the current performance of FSA, compared with the one preceding the reforms (the year 2007 has been chosen for it was the reference year for Leskošek and Trbanc's report) and with that based on Kump, Majcen and Čok's (2011) estimates on the improvements that would have been entailed by the 2010 reform if it had ever come into force.

Table 2 • FSA: Take-up and Adequacy rates for 2007, 2010 (estimates) and 2011

	(A) Total number of people at-risk-of poverty[1]	(B) People covered by FSA (recipients)	→ (B/A) **Take-up rate**	(C) Average monthly amount of FSA	(D) At-risk-of poverty threshold	→ (C/D) **Adequacy rate**
Prior to the reform **(2007)**	231193	47258	**20.4%**	205 [2]	495	**41.4%**
As foreseen by the reform[3] **(estimates 2010)**	259966	80943 [3]	**31.1%**	247 [3]	587	**42.1%**
Latest available data (2011)	278826	51651	**18.5%**	234 [2]	600	**39.0%**

[1] Own calculations: at-risk-of-poverty rate x total population (Eurostat)
[2] Weighted average of the monthly amounts for each of the four typologies of FSA (SURS)
[3] Kump, Majcen & Čok (2011): Slovenian Static Microsimulation Model's estimates for 2010
Sources: SURS; Eurostat; Kump, Majcen & Čok (2011)

The most impressive erosion has affected the take-up rate, which falls to just 18.5% of people living below the poverty line. The adequacy rate has slightly decreased until reaching 39% of at-risk-of-poverty threshold, a value that is far below the level suggested by the European Parliament in the Resolution of 21 October 2010 (i.e. equal to poverty threshold). As a matter of fact, FSA is unable to set a social minimum adequate to the standards by now broadly acknowledged within the EU, confirming the general figure described in section 3. What is more, the ongoing downward trend in coverage and adequacy of the minimum income scheme has been emphasized by the 2012 cutbacks, which clearly prioritized retrenchment and fiscal stabilization over the guarantee of a more solid base for the social inclusion strategy.

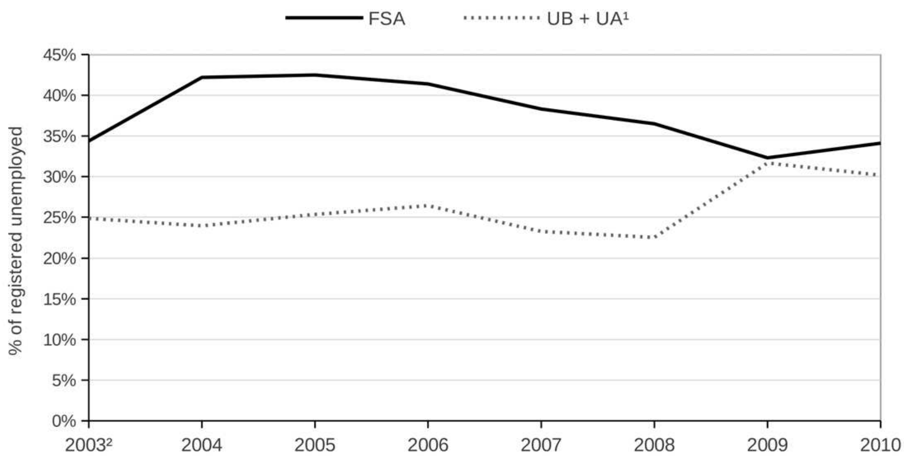
4.4. A shift towards social assistance?

In spite of the retrenchment that hit FSA, if we turn our attention to its interaction with unemployment insurance, a peculiar pattern soon emerges. Since the Nineties, an anomaly in the balance between unemployment benefits and social assistance started to be noted. The number of beneficiaries of FSA grew steadily, more than doubling from 1993 to the end of the decade. This was primarily due to a "new" and rapidly increasing group of recipients: the unemployed, who, once exhausted the right to insurance-based unemployment benefits, turned to CSW for assistance, so that by the end of the Nineties they were about 70% of FSA beneficiaries (Stropnik and Stanovnik 2002). On the contrary, Ignjatović (2011) notes that the overall share of people receiving unemployment insurance benefits (UA and UB) on the total number of registered unemployed incredibly dropped from 45% in 1992 to less than 25% throughout the early 2000s, the main cause being the gradual but irreversible tightening of eligibility criteria. In this regard, the

OECD (2009: 21) has recently pointed out that "in Slovenia, the strict eligibility criteria in unemployment insurance have made social assistance the *predominant* form of income support for the unemployed".

Due to the reforms of the administrative welfare agencies and their improved coordination, since 2003 the ESS compiles annual records of the recipients of both unemployment benefits and FSA, allowing an updated comparison of the shares taken by the two schemes on the total of unemployed. Figure 7 clearly shows the prevalence of social assistance on insurance-based schemes. 2006, the year of the reform that abolished UA and tightened eligibility conditions for FSA, is easily noted as a relevant downward turning point. The outbreak of the economic crisis between 2008 and 2009 upset the situation. In fact, the boom of job destruction—mainly due to enterprises' bankruptcy (ESS 2009)—caused a hike in the reliance on UB, which unsurprisingly exhibits an anti-cyclical behaviour. As it also happened after the early years of the transition, the dramatic rise of unemployment benefits is then followed by increased flows into social assistance (typically, for those whose right to UB terminates). Because of this and other variables—such as generally raising poverty, stagnant labour market, high number of temporary contracts, etc.—after the "outbreak phase" in 2009, the usual gap between UB and FSA has restarted to grow.

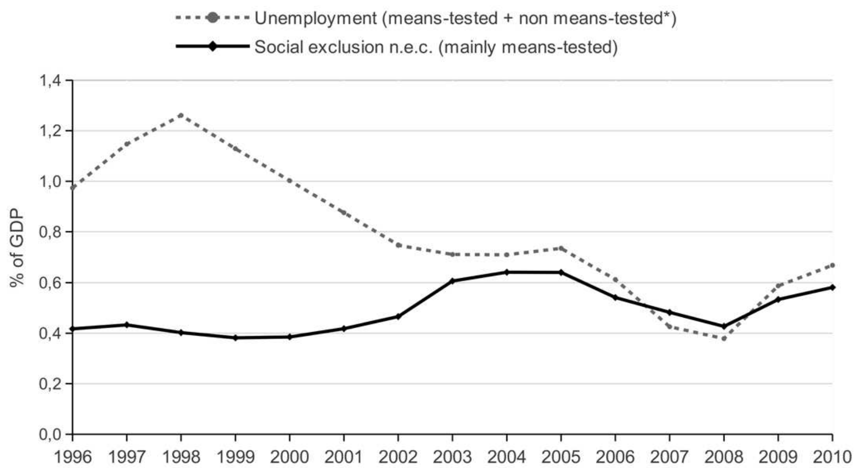
Figure 7 • Share of FSA and UB/UA recipients on the total number of registered unemployed. Annual variation 2003-2010



[1] UA abolished in 2006 (granted until the exhaustion)
[2] FSA data for 2003 has been interpolated via linear regression as it was missing
Source: ESS (2003-2010)

The above-mentioned Slovenian unbalance is confirmed by a glance at the trends of social expenditure. Based on data Eurostat (ESSPROS), figure 8 compares public spending for unemployment (both means-tested and non means-tested, in order to take into account UA until its exhaustion) and for social exclusion n.e.c.[47] The 1998 "activation reform" glaringly emerges as the starting point for the decline of the role of unemployment insurance in Slovenia. Coherently with the logic of the "zero sum" reforms typical of the era of "permanent austerity" (Pierson 2001), it is not completely correct to state that targeted social assistance caught up insurance-based unemployment protection (in terms of expenditure); on the contrary, a drop hit the level of unemployment expenditure, pushing it even below that for social assistance between 2007 and 2008.[48]

Figure 8 • Public expenditure for unemployment and social exclusion n.e.c. as % of GDP. Annual variation 2003-2010



Source: Eurostat

Currently, the post-crisis unemployment and poverty shock naturally translates into an increased expenditure for both of the schemes. The very short duration of the UB for flexible workers—by definition, the most vulnerable to lay-offs—suggests that FSA may soon regain its primacy also with reference to dedicated expenditure. Hence, in Slovenia social assistance seems indeed to prevail on the traditional unemployment insurance scheme, whose entitlement criteria still barely match the typical needs of post-Fordist labour force. If this is evident in terms of coverage of the unemployed, it is becoming observable also from the perspective of public expenditure.

5. Concluding remarks

In this paper we have tried to assess the consistency of the social foundation of the so called "social investment state", advocated since Lisbon as fundamental blueprint for the development of a new model of inclusive, albeit more efficient,

[47] For Eurostat's definitions and methodology I refer to Eurostat (2011).
[48] Unsurprisingly, unemployment expenditure fell below that level after the abolition of UA in 2006.

European welfare state. According to the philosophical pillars that are deemed to underlie the new social investment state, a fair *social minimum* should be granted to every citizen in order not to deny anyone the guarantee of a minimum necessary for living and through which being effectively free to develop his/her own life chances.

Minimum income protection is thus chosen as the core subject of this policy analysis. Conceived as the *last safety net* within the overall architecture of welfare, it is by definition the economic threshold under which citizens cannot virtually fall: this makes it the social protection scheme that better approximates the concept of social minimum, at least in its monetary dimension. Although aware that it is not the only factor that contributes to poverty alleviation, we have used minimum income guarantee as yardstick to assess the consistency of the foundations on which the EU is building up the new welfare state.

As a consequence of the hardship due to the economic crisis, with the Resolution of 21 October 2010 the European Parliament suggested the standards for guaranteed minimum incomes across Member States, stating that they should be at least at a level equivalent to the national relative poverty threshold (i.e. 60% of the median equalised disposable income). Assuming this as the official operationalization of the concept of "adequate social minimum" carried out by the EU, we have taken it as the reference point for the entire analysis.

An overview of the current state of minimum income protection across Europe has shown a far starker reality. No Member State but Denmark has in fact set a level of guaranteed minimum income adequate to the standards defined by the European Parliament, as it is generally confirmed by a number of empirical studies (Casas 2005, Frazer and Marlier 2009, IRS 2011, Vandenbroucke *et alii* 2012, Nelson 2013).

An in-depth case study on Slovenia has followed, giving a wider view on the dynamics that characterize the role of minimum income protection and its extent. We have firstly retraced the policy trajectory along which the Slovenian minimum income scheme (FSA) developed. The well structured, multi-tiered pattern of protection against unemployment and hardship put in place soon after the transition has been subject to a number of subsequent reforms, which followed the guidelines of the European Lisbon agenda and employment strategy. These reforms implied a gradual retrenchment of both unemployment insurance and FSA: a marked focus on the activation component went hand in hand with a gradual erosion of the benefits, matching the international trend noted by Cantillon (2011) and Nelson (2013).

In line with the situation registered for the whole EU, Slovenian guaranteed minimum income falls far below the level of adequacy wished by the European Parliament. The solidity of those social minima that should be the basic ground for the social investment welfare state that is pursued across Europe (including, of course, Slovenia) does appear at least unsteady. Both the levels of adequacy and the described evolution of minimum income policies in Slovenia apparently point in the direction of what we have called "negative pole" in the shift towards new welfare state. Rather than an improvement of social investments aiming to lay the frame of social inclusion according to a "liberal neo-welfarist" ideology (Ferrera 2012), it seems that, in line with our hypothesis, a mere prolongation of the retrenchment era is actually taking place. The cutbacks enacted by the post-crisis austerity measures largely run in the same direction.

Notwithstanding the noted inadequacy, the Slovenian system of minimum income protection plays an important role in the fight against poverty and social exclusion, at least in terms of alleviation of the *intensity* of poverty. It still succeeds in compensating the deficiencies of a stagnant labour market and of a system of unemployment insurance mainly targeted on Fordist workers since the late socialist period. Although its adequacy is far from being able to lift people out of relative poverty, FSA does act as *last safety net*, cushioning the social costs of the new risks emerged since the Nineties as well as due to the post-crisis unemployment shock, that would otherwise inexorably translate into dead-end poverty.

It should be also noted that, since the late Nineties, Slovenian policy-makers have put a remarkable effort in the reform of the administrative level that stands behind the effectiveness of both UB and FSA. This has two main implications: on one hand, a constant monitoring and evaluation of the measures has been possible, further fostering the improvement of a considerable set of coordinated social schemes (see, for instance, the overarching reform of social assistance drawn in 2010). On the other hand, the strong coordination between the administrative units can serve as basic framework for granting an efficient and fair development of the so-called "second welfare" (Ferrera and Maino 2011, Maino 2012). Given the budgetary constraints that limit the room for manoeuvre of policy-makers, social investments coming from actors other than the State may rely on an established network of public service providers and institutions, capable of better coordinating private (social) initiatives and directing them towards the gaps left by public welfare.

The most striking feature of the Slovenian case study has emerged in relation to the anomaly in the balance between unemployment insurance and social assistance. In Slovenia a "resurgence of low-income targeting" (Nelson 2008) has indeed occurred, insofar as FSA takes a larger share of registered unemployed than UB (ESS data). The trend of public expenditure is also showing the importance of social assistance in the Slovenian system (Eurostat ESSPROS). A diversified set of variables is implied in this trend, the main two being a comparatively marked labour market segmentation (in a context of an increasing use of a-typical forms of employment, especially among the young), and a repeatedly retrenched system of unemployment insurance. Although they pointed at the "high road" towards activation (Clasen and Clegg 2006), aiming at strengthening employability in line with the social investment state's leitmotifs, since their start the new "activation reforms" took the form of (often implicit) curtailments of the existing passive schemes, as in the case of the abolition of UA.

Although further research (both on other case studies and comparative) is undoubtedly needed to shed light on this last conundrum, this leads to a policy consideration. If the aim of European social policy is to put in place a fair and just social minimum, a process of adaptation of the existing social protection schemes vis-à-vis post-industrial risks is thus needed. The patterns of unemployment protection across the EU are far from being homogeneous. Established unemployment insurance schemes may be expanded, eligibility criteria broadened so to cover a higher number of a-typical workers and generally speaking people vulnerable to new social risks. However, this way seems to be barely practicable by the bulk of European Member States, an exception being probably Nordic countries. The case of Slovenia shows that an employment insurance system that—albeit non-categorical—is too far from universalism in the mutating labour market can hardly be broadened within a context of permanent austerity. The most likely option remains a recalibration of the role of social assistance. Minimum income schemes are in fact apt to break the fall of those who slip through the other existing social protection schemes. The main concern regards the dilemma of raising the social safety net to more adequate levels while avoiding to overburden national budgets. An acknowledged political need for recovering the social dimension of European integration does however exist: without this the popular support for the EU would be inexorably undermined.

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