

# Social Investment or Workfare Policies?

---

Examining Spanish and Portuguese youth  
unemployment policies before and after the  
world economic crisis in 2008

**Bachelor Thesis**

**9/13/2013**

Author: Ellen Hericks (s1088750)

First Supervisor: Minna van Gerven

Second Supervisor: Andrea Kottmann

## Table of Contents

<b>Chapter 1: Introduction.....</b>	<b>3</b>
1.1 Summary.....	3
1.2 The Economic Crisis in 2008.....	4
1.3 Social relevance.....	5
<b>Chapter 2: Theoretical Framework: Theory and Concepts.....</b>	<b>5</b>
2.1 Social Investment Perspective.....	8
2.2 Workfare Policies.....	9
2.3 Non-classifiable reforms.....	9
<b>Chapter 3: Methodology.....</b>	<b>10</b>
3.1 Research Design.....	10
3.2 Sample.....	10
3.2.1 Development of the Economic Status Since 2000.....	11
3.2.1.1 The case of Spain.....	11
3.2.1.2 The case of Portugal.....	14
3.3 Data Collection.....	15
3.4 Data Analysis.....	16
<b>Chapter 4: Data and Analysis.....</b>	<b>16</b>
4.1 The case of Spain.....	17
4.1.1 The Status Quo in the Year 2000.....	17
4.1.2 Issued Labour Market Reforms (2000-2010).....	18
4.2 The case of Portugal.....	27
4.2.1 The Status Quo in the Year 2000.....	27
4.2.2 Issued Labour Market Reforms (2000-2010).....	28
4.3 Conclusion.....	37
<b>Appendices</b>	
<b>Bibliography</b>	

## Chapter 1: Introduction

In this chapter of my thesis, I will shortly explain the research I will do. First of all, I will give a summary of the topic and state the research questions. Moreover, I will give a short outline about the status in the two selected countries, Spain and Portugal, and about their system of school to work transition.

### 1.1 Summary

With youth unemployment becoming an ever growing problem in Spain and Portugal, the goal of this study is to determine whether, and, if yes, to what extent the two governments changed their policy strategies, and introduced policy reforms, towards the problem of youth unemployment with the beginning of the world economic crisis in 2008 and thus may find an effective way to fight this problem. The research question dealt with in this study is as follows:

*To what extent did the governments of Spain and Portugal change their policy strategies regarding youth unemployment with the beginning of the world economic crisis in 2008?*

More explicitly, I would like to discuss the dichotomy of social investment versus workfare policies within the Spanish labour market policies and especially policies directed at youth unemployment, compared to the once in Portugal. I am interested in which direction and to which extent, from the beginning of the economic crisis in 2008 on, the two governments changed their social policies directed at tackling the problem of youth unemployment. Consequently, two sub-questions arise. The first sub-question has the aim to clarify which of the two policy strategies the two countries pursued before the beginning of the economic crisis in 2008, to be able to say that a change indeed took place.

*1. Which policy strategies regarding youth unemployment, either social investment or workfare policies or neither of both, did the two countries mainly rely on before the beginning of the economic crisis in 2008?*

The second sub-question is to analyse whether and how a change in policy strategy in Spain and Portugal has taken place after the beginning of the economic crisis and in what direction the policy strategies changed.

*2. Which policy strategies regarding youth unemployment, either social investment or workfare policies or neither of both, did the two countries mainly rely on after the beginning of the economic crisis in 2008?*

Social investment policies mainly have two aims. First of all, to modernize the welfare state in order to be able to address new risks which occur within the contemporary society. Secondly, they try to ensure financial and economic stability within the society by investing in people's capabilities (Vandenbroucke, Hemerijck, & Palier, 2011).

That this is necessary is shown by the fact that, due to the economic crisis, the youth unemployment rate, where youth include persons of an age between 15 and 24, in the OECD area rose by 6 %, to 19% in the two years from 2007 to 2009 (Scarpetta, Sonnet, & Manfredi, 2010). Thus, investing in human capital and enhancing peoples' capabilities is important, as unemployment risks are increasing, especially for unskilled workers (Vandenbroucke, et al., 2011). Moreover, new social risks are occurring within the post-industrial societies. These include 'rapid skill depletion, reconciling

work and family life, caring for frail relatives, and inadequacy of social security coverage' (Vandenbroucke, et al., 2011, p. 3). These new social risks could also be prevented by increasing in human capital.

Within Europe the social investment strategy was introduced with the Lisbon European Council in March 2000. It was seen as a new strategic goal for social policy making within the European Union. The new approach for social policy making across Europe should be the 'Open-Method of coordination (OMC)' which is based on the voluntary co-operation of the member states of the European Union.

However, Van-den-broucke and Vleminckx (2011) claim that the social investment strategy was not quite successful, as, although unemployment may have decreased, poverty has not decreased within the Union. Thus they claim that the transition from the old distributive welfare state system to the new social investment welfare state was more difficult than expected. Thus, for example, social investment should not be seen as the only pillar within the welfare state, but that an investment strategy and a protection strategy act as complementary pillars that mutually reinforce each other.

Moreover, it is claimed that the OMC has not been quite successful, as there has not been a single consistent approach within all member states of the European Union, but that all countries pursued their own social policy strategies (Vandenbroucke & Vleminckx, 2011).

Consequently, one can say that within the European Union, the social investment strategy has admittedly been implemented, but that it was not as successful as anticipated.

## 1.2 The Economic Crisis in 2008

The world financial crisis beginning in 2007/2008 was caused by the sudden breakdown of securities related to mortgages which were dispersed within the U.S. American and global financial markets (Kotz, 2009).

More specifically, the global monetary policy and especially the one in the USA was too gentle and thus the interests rates were low. Following from this low interest rate was a housing boom, which finally became a housing bubble. This means that when the interest rates were very low, many people bought houses and the demand was high. Thus, more and more houses were built. However, at some point the demand stopped and declined. Many people were not longer able to pay their loans and had no possibility to refinance in order to organize payments. Consequently, the housing bubble deflated, which could not be headed off by the already quite fragile finance sector (Kotz, 2009; Taylor, 2009). The falling housing prices below the value of the mortgages after the deflation of the housing bubble lead to 'delinquencies and foreclosures' (Taylor, 2009, p. 10). The effects of the financial turmoil and the monetary crisis spilled over to the economy. Thus, the low interest rates also had the effect that the price for oil increased heavily. An effect of this rising price was for example that less people bought new cars as they could not afford the rising prices for oil. Moreover, due to the deflation of the housing bubble, the construction sector was heavily affected by the financial crisis and many people employed in this sector, especially in countries like Spain, lost their jobs (Verick, 2009). Thus, the financial crisis also expanded to the economic sector. Consequently, companies did not have enough money to keep all their employees and unemployment rose all over the world (Kotz, 2009; Taylor, 2009).

Changes, especially in youth unemployment, can be said to be related to the financial crisis. As explained later in the study, with the beginning of the crisis in the year 2008, also the youth unemployment rates in both countries examined, Spain and Portugal, rose dramatically (see Appendix 1). Verick (2009) claims that young people are especially vulnerable when it comes to

changes on the labour market, for example in times of a crisis, as they mostly lack the skills, the experience and the knowledge that are necessary to survive on the labour market in the times of a crisis. Consequently, young people are more likely to be employed on a temporary basis and hence also more prone to unemployment (Verick, 2009). This is also visible when taking a closer look at the Spanish dual labour market system, explained later within the paper. Moreover, the fact that young people are more at risk of unemployment and more heavily affected by the economic crisis is also reflected when comparing the unemployment rates of young people (15-24 years) and adults (25-74 years). Thus, for the young people the unemployment rose from 18.2% in 2007, by around 19% to 37% in 2009 and even 41.6% in 2010. In comparison to this, the unemployment rates for the older age cohort "only" rose from 7% in 2007, by around 9% to 15.9% in 2009 and to 18% in 2010 . Consequently, one can see that young people are more vulnerable to times of crises than older workers (EUROSTAT, 2013c) .

### 1.3 Social relevance

The relevance of this study lies in the fact that there is not much evidence if the banking and the resulting economic crisis had any effect on the policy strategies of Spain and Portugal, especially regarding youth unemployment policies.

As already mentioned several times, it is, especially in times of a crisis, important for young people to develop their human capital and enhance their skills in order to be able to get a good job on the labour market. Therefore, it is important to examine whether the countries of Spain and Portugal, in times of a crisis, bet on the social investment perspective or if they rather apply workfare policies, to get people to accept any kind of job, even if it is only temporary, just to get people back into employment, back on the labour market.

It is especially looked at these two different policy strategies as they first of all, seem to represent two different directions of policy making. Social investment is rather focused on preventing unemployment and solving the problems on a long-term basis. Workfare policies are rather focused on the short-term and they make up for damages that already occurred. Moreover, it is interesting to see in how far the two countries implemented the Social Investment Strategy which was introduced with the Lisbon Agenda in 2000.

## Chapter 2: Theoretical Framework- Theory and Concepts

	Southern-European Welfare State		Nordic Welfare State		Continental European Welfare State	
	Spain	Portugal	Sweden	Norway	Netherlands	Germany
GDP per capita in 2011	€20 600	€14 900	€35 000	€51 900	€33 200	€30 000
Social Expenditure per capita in 2009	€4476.89	€3484.59	€8671.44	€12246.77	€9214.23	€8136.91

Table 1: Different Welfare State Regimes compared; (source: Eurostat, 2013a; Eurostat, 2013b)

According to theorists like Ferreira (2008) or Baglioni and Mota (2013), Spain and Portugal, can, with Italy and Greece, be taken together in a regime that is called the “Southern European Welfare State”. The southern European model of a welfare state can be characterized by the lack of a well-structured safety net of minimum social protection, as well as by a ‘weak statehood’ (Baglioni & Mota, 2013, p. 320). This means that they first of all, generally tend to have a relatively low GDP per capita. Thus, in 2011 this lay for Spain at €20600, which is around 80% of the EU 15 average, and in Portugal even only at €14900, which equals around 70% of the EU average (EUROSTAT, 2013a). The only country in the Southern European Welfare Regime that had an above-average GDP per capita is Italy (105.2% of the EU 15 average) (Ferreira, 2008). Regarding the social expenditure per capita, one can say that in the year 2001 this was very low in all of the four “countries of the ‘Southern European Welfare Regime’”. For example in 2009 Spain had, compared to other countries mentioned later in the text,, with €4476.89, a low total expenditure on social protection per head of population. In Portugal this number was with €3484.59 per head of population even lower (EUROSTAT, 2013a). However, it is also important to mention that the annual growth rate of social expenditure in the year 2001 was positive in all four countries. Portugal even had a growth rate of 6.3%, compared to an average growth rate of 1,9% in the EU 15 member states (Ferreira, 2008). This also complies with the expansion of social protection in the Southern European Welfare States and especially in Portugal. Additionally, one can say that these states rather rely on passive policies, like unemployment insurance and income support, than on active policies, which aim to tackle the high unemployment rates (Baglioni & Mota, 2013).

Compared to the Southern European Welfare States, countries belonging to different models of Welfare States tend to spend more money for social issues and generally are more likely to have a higher GDP per capita. More precisely, there is first of all the so-called Nordic Welfare State Model, which comprises the countries of Denmark, Finland, Norway and Sweden. These countries generally have a relatively high social expenditure and they tend to provide their citizens with a high degree of social protection (Bonoli, 1997). Exemplary for the Nordic Welfare State we take a closer look at the countries of Sweden and Norway. Coming to the Social expenditure one has to admit that it is quite high in Norway, namely the country spend 12246.47€ on social protection per head of the population in the year 2009. This is around four times the amount Portugal spent (3484.59€) and three times the spending on social protection done by Spain (4476.89€). The Swedish spending on social protection is with 8671.44€ also quite high in comparison to the numbers of Portugal and Spain (EUROSTAT, 2013a). Coming to the GDP per capita one can see the same pattern. In the year 2011 the real GDP per capita in Norway was at 51 900€, which is a lot higher than the numbers for Spain and Portugal just mentioned. Again Sweden has also a high GDP per capita, with 35 000€ in the year 2011 (EUROSTAT, 2013b). Next to the Scandinavian Welfare State and the Southern European Welfare State there is the Continental European Welfare State, to which the countries Belgium, France, Germany, Luxemburg and the Netherlands belong. The mentioned countries also have, compared to the Southern European Welfare States, a relatively high degree of social expenditure and a high GDP per capita (Bonoli, 1997). As examples for the Continental European Welfare State the countries of Germany and the Netherlands are examined. Compared to the Spain and Portugal they have a rather high degree of social expenditure, namely 8136.91€ expenditure on Social Protection of Germany in the year 2009 and in the Netherlands, this number was even higher at 9214.23€ (EUROSTAT, 2013a). Moreover, these countries generally have a higher GDP per capita than Spain and Portugal. Namely, the German real GDP per capita was, in the year 2011, at 30 000€. In the same year the Dutch real GDP per capita was 33 200€ (EUROSTAT, 2013b).

Coming to the reform of welfare states, one can say that the existing literature that tries to explain reforms in European welfare states mainly focuses on the theory of 'path dependence'. This theory states that past events shape the future and that reforms mainly occur in so-called package deals, which means that reforms in one policy area have to be supplemented by reforms in another policy area (Ebbinghaus, 2005; Eichhorst & Konle-Seidl, 2006). Consequently, it is claimed that it are mainly 'long-term historical political forces' (Ebbinghaus, 2005, p. 18) which shape a welfare state regime. Additionally, self-reinforcing processes are important for the development of a certain regime. To illustrate the theory of path dependence more figurative, one should take a closer look at the concept developed by Paul A. David and Brian W. Arthur. They used an urn with two same-sized sets of differently coloured balls. When a ball is drawn from the urn, it is put back and another ball of the same colour is added to the jar. Thus, the chance of drawing the same colour in the following round is somewhat increased. Consequently, in the long run one colour will dominate within the urn (Ebbinghaus, 2005). This concept can also be applied to European welfare states. If every time the same kind of policies will be issued, in the end one kind of policy will be dominant. However, according to van Gerven (2008), there are many theorists, like Ebbinghaus, Hering and Pierson, who claim that the path dependence theory does not totally hold true, but that there is also some kind of 'path departure' (VAN GERVEN, 2008, p. 27). This means that they are of the opinion that in some areas of the welfare state changes can be made by partially adjusting the welfare state to the new situation and thus partially renewing the structures of the institutions (VAN GERVEN, 2008). As an example Hering (2003), names the pension reform in Germany in 2001. Originally, Germany was one of the countries that relied most on path dependence, that means it was resistant against major welfare state reforms. However, in 2001 the government implemented a major reform by partially privatizing the German pension system (Hering, 2003). Consequently, one can say that although Welfare States may rather rely on their familiar paths of policy making, it may also happen that partially major reforms will be introduced.

Examining the effect to which the path dependence theory can be applied on social policy, and especially unemployment policy reform, one can say that Clasen and Clegg (2006) claim that 'unemployment policy reforms are more institutionally constrained' (Clasen & Clegg, 2006, p. 547) and that they rather mend or improve already existing policies instead of creating a new policy model that aims at reducing unemployment rates (Clasen & Clegg, 2006). Thus, for example, especially the countries in the Southern European Welfare State Regime tend to stick to rather passive and redistributive policies and just adapt them to the current situation. Instead of introducing active social policies, they stick to their historical path and thus to the passive and redistributive policies. More precisely this means that the countries do not introduce policies which activate people do get back into work, but they rather rely on redistributive policies like the unemployment benefit. Thus, one can say that the countries belonging to this regime have a quite low degree of welfare efforts in common and, as already mentioned, do not spend much money for social protection (Ferreira, 2008).

To be able to answer the above stated research questions, and examine whether or not the above stated theory also holds true for the Spanish and Portuguese unemployment policies, two different concepts will be applied. On the one hand, the social investment theory will be applied. On the other hand, in contrast to social investment theory, workfare policies are going to be analysed. These concepts can be seen as two contrasting poles of the dependent variable.

Social Investment	Workfare	None of both
<ul style="list-style-type: none"> <li>• Vocational Training Provisions</li> <li>• education for the unemployed</li> <li>• reconciliation of work and family life</li> <li>• provision of incentives that bring people back to work</li> <li>• inclusion of social partners like trade unions and employers</li> <li>• offer of lifelong education and training opportunities</li> <li>• measures that give disabled people better chances to get back on the labour market</li> </ul>	<ul style="list-style-type: none"> <li>• unemployment benefits</li> <li>• people have to work for their benefits</li> <li>• tightening of eligibility criteria for unemployment benefits</li> <li>• increasing conditionality of unemployment benefits</li> <li>• introduction of work tests</li> <li>• mandatory labour market programmes or work requirements</li> <li>• adaptation of benefit levels and duration</li> <li>• mandatory acceptance of any reasonable job</li> <li>• subsidizing an unemployed in case s/he becomes self-employed or joins a cooperative</li> </ul>	<ul style="list-style-type: none"> <li>• family-related benefits</li> <li>• sickness schemes</li> <li>• payment of unemployment benefits in a lump sum in case the unemployed becomes self-employed or joins a cooperative</li> <li>• subsidizing of employers in case they hire long-term unemployed or other groups which are difficult to place on the labour market</li> <li>• modernization of the Public Employment Services (PES)</li> </ul>

*Table 2: Indicators for the three different policy strategies*

## 2.1 Social Investment Strategy

First of all, there are the so-called social investment policies. The social investment perspective emerged within the European Union at the end of the 1990s, or rather at the beginning of the 21<sup>st</sup> century, as the Lisbon summit prepared the grounds for a new Europe wide strategy for social policy-making.

The main feature of the social investment strategy is to invest in human and social capital in order to prevent risks from realizing. This is important as risks like poverty and social inclusion, require more than simply providing work for jobless people. Thus, this strategy places ‘human capital, research, innovation and development explicitly at the centre of European social and economic policy’ (Vandenbroucke, et al., 2011, p. 3).

It is a child-centred social strategy, which has the aim to invest in people and their capital in order to prepare people for the labour market and the ‘knowledge-based economy of the future’ (Jenson, 2010, p. 9).

Thus, investments should be made to increase peoples’ capabilities. This strategy sees the need for long-term investment. Thus, for example, the notion of learning is seen as stabilizing the economy and consequently also the society in the future. This is important, as successful individuals have the possibilities to positively influence a society’s common future. Investment in learning can thus on the one hand be seen as encouraging employers and trade unions to cooperate to enhance vocational training programmes, which contribute to improving peoples’ human capital and with it also their competitiveness on the labour market. On the other hand, investment in learning is also made through ‘early childhood education and care (ECEC)’ (Jenson, 2010). ECEC emphasises the long-term advantages that public support for the early education of children can have. It points out that early



education of children means investing in their future, which can not only have positive effect for the individual, but also for the whole society (Jenson, 2010).

Moreover, investment means to give people better opportunities to benefit of education. Consequently, one can say that it has effects on the medium- and long-term future.

Social Investment policies comprise vocational training provisions and education for the unemployed; the reconciliation of work and family life, especially for parents; the provision of incentives that bring people back to work; the inclusion of social partners, like trade unions and employers; the offer of lifelong education and training opportunities, as well as measures that give disabled people better chances to get back on the labour market (Sarfati, 2003; Vis, 2011).

To sum it up, the social investment strategy implies that it does not try to compensate for damages that were already made. In contrast, the social investment strategy aims at addressing problems right at the beginning at their roots, so that no damages can occur (Jenson, 2010; Vandenbroucke, et al., 2011; Vandenbroucke & Vleminckx, 2011).

### 2.3 Workfare Policies

On the other hand, there are workfare policies, which only try to compensate for damages that have already happened. Compared to the social investment strategy, workfare policies only try to improve the situation in the here and now, instead of addressing the problems in their infancy. This means, that these are policies that simply try to get unemployed people back into work, instead of investing in human capital. Thus, workfare policies can be seen as simple anti-poverty measures, which are only focused on short-term emergency relief. In contrast to social investment policies, workfare policies rather fight already existing youth unemployment, instead of trying to solve the problem at its roots. This means that these are just activation policies that drive people back into the labour market to accept any kind of job. For doing this, essentially negative incentives are applied. Examples would be the granting of benefits if the recipients fulfil requirements that increase their chances of getting 'any' job (Jenson, 2010; Vandenbroucke, et al., 2011; Vandenbroucke & Vleminckx, 2011). An example for workfare would thus be that a recipient would not get any money unless he accepts to work for a state agency in any kind of job (Wiseman, 1986). Furthermore, workfare policies include unemployment benefits, namely unemployment insurance and unemployment assistance; the fact that people have to work for their benefit; the tightening of eligibility criteria for unemployment benefits and the increasing conditionality of these; the introduction of work tests; mandatory labour market programmes or work requirements; the adaptation of benefit levels and duration, as well as the fact the unemployed have to accept any reasonable job, even if it is not in their regular field of occupation (Dingeldey, 2007). All in all, workfare policies are just focusing on social spending instead of social investment and they only care for damages that have already been made instead of trying to prevent risks at their beginning (Jenson, 2010; Vandenbroucke, et al., 2011; Vandenbroucke & Vleminckx, 2011).

### 2.3 Non-classifiable reforms

Policies which could not be fitted either in the Social Investment Category or with the Workfare Policies comprise first of all, welfare-related benefits, like family related benefits and sickness schemes. Moreover, Direct-Job Creation Schemes are included, like paying unemployed workers their unemployment benefit in a lump sum in case they become self-employed or join a cooperative and the subsidising of employers if they hire long-term unemployed or other groups of people which are

difficult to place on the labour market. Finally, reforms concerning the Public Employment System, like its modernisation cannot be fitted into either of the two mentioned categories.

Hence, this study aims at allocating the analysed reforms into one of these three categories, in order to be able to answer the above stated research question.

## Chapter 3: Methodology

### 3.1 Research Design

The research design applied within this study compares the two countries of Portugal and Spain on a most-similar basis, as thus one has the possibility to observe differences in outcomes along certain parameters in countries that are quite similar in their basic characteristics. Moreover, this research will focus on a longer period of time, namely the years 2000 till 2010.

This kind of design is suitable for answering the research question, as it compares the situation of two countries with a quite similar background. This gives, in the end, a higher validity of the result, as when only interpreting the results from one country this could only be a coincidence and other governments behaved totally different in the same situation. Consequently, one can say that one country somehow serves as the control group for the other country. Moreover, observing the units over a longer time can be seen as a tool for describing either stability or change, which is important for this study, as we would like to examine the stability or change in policy strategies. In addition, observing the units for a longer time span establishes a temporal order of cause and effect of the variables. This is also important so one can say if the economic crisis really caused a change in policy strategy in the two countries.

As already mentioned, when only observing one country, the respective result could in the end only be a coincidence, as other countries perhaps changed their policy strategies in a totally different way. Consequently, many other research designs would not be suitable. Moreover, as this is a descriptive study, research designs such as experiments would also not be suitable for answering the research question. The fact that the cases are not randomly sampled is also a reason why many other research designs would not be feasible for answering the above stated research question.

The units of observation within this study would be the policy reforms directed at youth unemployment, while the units of analysis would be the countries of Spain and Portugal. The independent variable would be the respective economic and labour market status of the countries, which also defines a crisis, determined by the GDP per capita, the economic growth rate and the youth unemployment rate. The respective dependent variable would be the kind of social policy applied in order to solve the problem of youth unemployment. It is to that say that this is a one dimensional variable, with the two poles social investment strategy and on the other hand workfare policies. The timeframe for this longitudinal study would be the time span between the introduction of the Lisbon Agenda in 2000 and the year 2010.

### 3.2 Sample

Cases are selected on a most similar basis. In a most-similar sample of cases, the compared cases have the same basic background characteristics, but may differ on outcomes along certain parameters. This is useful as, thus, in a research a hypothesis can be generated which gives information about the causes of a different outcome in cases that are, on basic terms, relatively similar. Here, our cases are Spain and Portugal, which have a quite similar pattern regarding the level of youth unemployment and its development.

The research sample contains all labour market reforms in the fields of Active Labour Market Policies, Unemployment Benefits and other welfare-related benefits in Spain and Portugal that were issued since the beginning of the year 2000 until the end of the year 2010. Also policies that are not directly targeted at fighting youth unemployment, but try to fight unemployment in general, are analysed, as these might also affect the youth and their unemployment rates.

Social policies issued by the governments of the two countries are selected on the basis of their aims. Moreover, only policies are examined that were issued after the introduction of the Lisbon Agenda in 2000, as with the Lisbon Agenda the social investment strategy was introduced within the European Union. Moreover, especially policies established after the economic crisis in 2008/2009 are analysed closely. When only observing a specific type of social policies it is clearer and easier to observe in how far the countries changed their policy strategy than if all kinds of social policies were taken into account.

### 3.2.1 Development of the Economic Status since 2000

To get a glimpse of why especially these two cases, Spain and Portugal, were chosen, the economic situation of both countries will now be looked at a little bit closer. It will be examined according to the youth unemployment rates of the years 1990-2012, as well as the GDP per capita and the GDP growth rate of the years 1995-2012.

#### 3.2.1.1 The case of Spain

The Spanish Labour Market can be seen as a special case, with the Dual Labour Market System which prevails in Spain. This means that the Labour Market in Spain can be divided in workers with fixed term contracts and workers with permanent contracts (Davia & Hernanz, 2004; Wölfl & Mora-Sanguinetti, 2011). In the last years the number of fixed-term contracts in the Spanish labour market rose due to the fact that in case of dismissal of a worker with a permanent contract severance payments would be quite high. In order to save this money and increase turnover more and more fixed-term contracts were issued (Wölfl & Mora-Sanguinetti, 2011). However, the duration of these contracts was limited to 24 month. Thus, as dismissal cost of permanent contract workers were very high, companies employed workers on a fixed-term and, although they may have been quite pleased with the work done, fired the worker after some time as it was cheaper to hire a new one (Wölfl & Mora-Sanguinetti, 2011). According to Davia and Hernanz (2004) permanent workers tend to have higher wages than workers with a fixed-term contract. This is also due to the fact that qualified workers with a higher educational level are more likely to be employed on a permanent basis than workers with a quite low level of education (Davia & Hernanz, 2004). Additionally, temporary contracts are quite common when young workers enter the labour market. Thus, in the year 1995 68.34% of young employees in Spain held a temporary contract, compared to only 27.12% among adult workers (Davia & Hernanz, 2004). Moreover, the issuing of temporary contracts is unequally spread across the different sectors of the labour market. Thus, in the building and agricultural sector temporary contract are relatively common for both young and adult workers. And in sectors like 'sales and hostel and catering trades' (Davia & Hernanz, 2004, p. 302) many young people are hired only on a temporary basis (Davia & Hernanz, 2004). Finally, Wölfl and Mora-Sanguinetti (2011) claim that it is, especially for young people, quite hard to enter a permanent labour contract after having been employed only temporarily. Consequently, it is said that unemployed have 'to go through many spells of unemployment and low productivity entry-level jobs' (Wölfl & Mora-Sanguinetti, 2011, p. 13), before they find a regular job on a permanent basis (Wölfl & Mora-Sanguinetti, 2011).

This Dual Labour Market System may be seen as a reason for the problem of unemployment Spain always had and still has to struggle with, as people are more likely to lose their jobs when they only have a temporary contract than if they are employed on a permanent basis. Moreover, this can also be seen as a reason for the high rates of unemployment among the youth and the lower educated, as they start working in the secondary sector to acquire knowledge, they are the once which are mainly employed on a temporary basis and hence fired more often. Consequently, the youth unemployment rate is quite high in Spain.

Despite the generally huge rates of unemployment in Spain, in the phase between the years 1995 and 2007, the unemployment rate in Spain decreased by around 20%, which is more than the average unemployment decrease in the OECD countries. However, the rate remained still above the OECD average of 14.4%, namely at around 18.2% (Scarpetta, et al., 2010). Additionally, one can say that Spain is a country in which the risk of youth becoming unemployed is twice as high as an adult becoming unemployed (Scarpetta, et al., 2010). However, Spain has been hit hard by the banking crisis in 2008 and the resulting economic crisis. Thus, after until 2010 the youth unemployment rose to 41.6%, which means a rise in youth unemployment by 23.4% from 2007 until 2010, namely from 18.2% to 41.6% (see Appendix 1). It is to say that most job losses in Spain were observed among workers with only a temporary working contract (Scarpetta, et al., 2010).

Reasons for such a high rate of youth unemployment can be that today many school leavers are not sufficiently prepared for the labour market and many lack a sufficient qualification which puts them at disadvantage within the labour market. Thus, one can observe that in the year 2008, around 80% of Spanish students that left tertiary education got a job, for upper secondary graduates the employment rate was only around 72% and for youth without any real qualification, the employment rate was only at around 65% (Scarpetta, et al., 2010). Also theorists like Gangl (2003) claim that education is important for not becoming unemployed. Thus, he claims that there is a positive correlation between attained educational achievements and the respective position in the labour market. Thus, it is stated that people with a higher degree of education are less at risk of unemployment than people who only obtained compulsory schooling. However, he claims that there still are different effects in different countries due to respective institutional regulations (Gangl, 2003).

In addition, at least half of the working contracts of young people in Spain are only concluded on a temporary basis, which is due to the dual labour market system prevailing in Spain. Still, sometimes temporary jobs can be a first step in the direction to full employment, thus the probability of getting a permanent job is higher after being on a temporary job, than after being unemployed (Scarpetta, et al., 2010).

To sum it up, it is important to support the Spanish youth in finding a job or at least to develop better skills, as this increases their chances of finding a job (Scarpetta, et al., 2010).

Concerning the Spanish GDP per capita, one can say that it steadily rose from the year 1995 to the year 2007, namely from 16100€ per person to 21800€ per person. From the year 2008 onwards it declined to 20300€ per person in 2012 (see Appendix 2). A similar pattern can be observed in the GDP growth rate. The growth rate was from 1995 till 2007 downright positive, with high peaks in 1995 (4.8%) and 1999/2000 (4.2%). With the beginning of the economic crisis in 2008 the GDP declined by 0,7% and in the year 2009, even by 4.4%. The negative pattern can be observed till the year 2012 (see Appendix 3). Thus, also the GDP reflects the impact of the economic crisis in Spain.

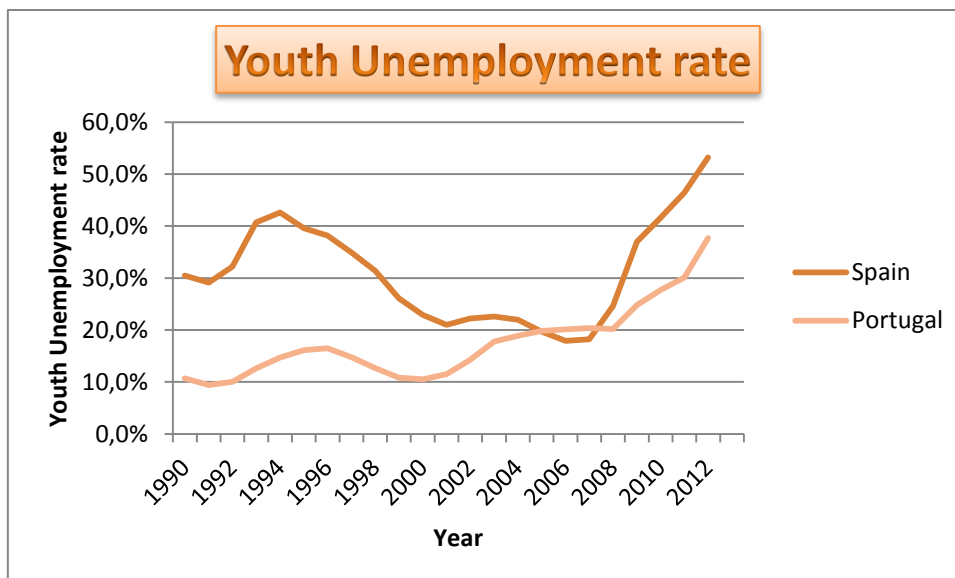


Figure 1: Youth unemployment rate in Spain and Portugal (see Appendix 1)

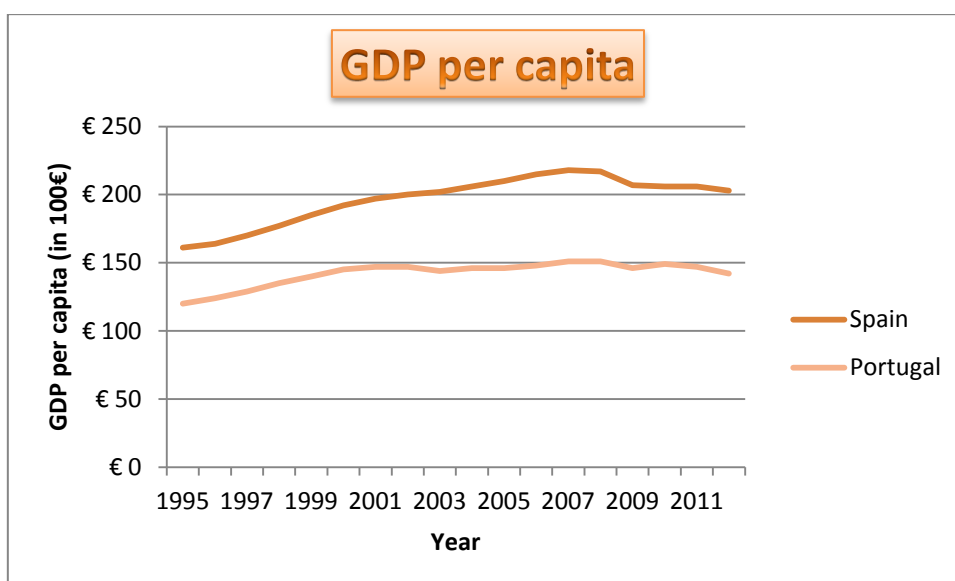


Figure 2: GDP per capita in Spain and Portugal (see Appendix 2)

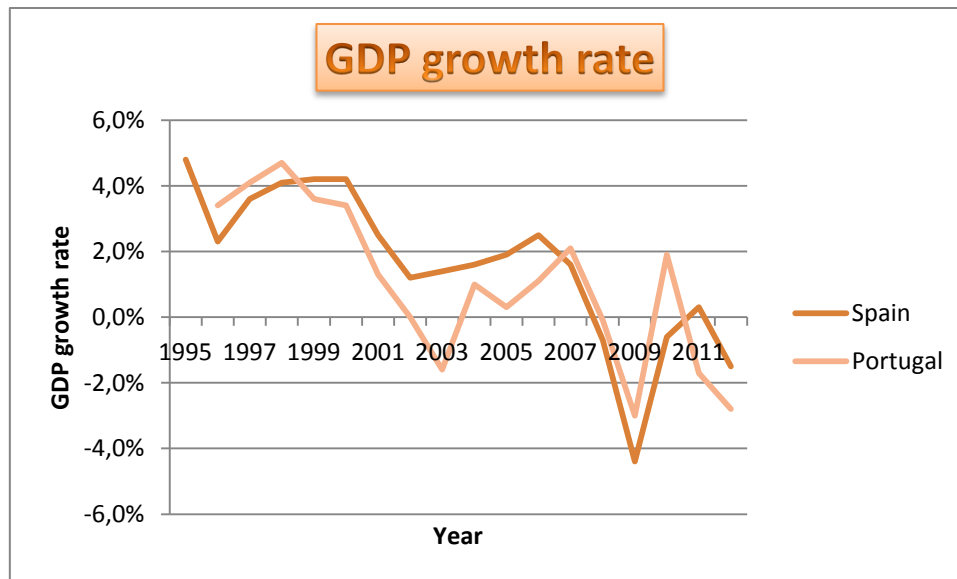


Figure 3: GDP growth rate in Spain and Portugal (see Appendix 3)

### 3.2.1.2 The case of Portugal

Bover, García-Perea and Portugal (2000) claim that the Spanish and Portuguese labour market institutions are quite similar. However, some differences can also be observed. On the one hand, compared to Spain, the Portuguese conditions of being eligible for unemployment benefits are not quite generous. Thus, in Portugal recipients of unemployment benefits must have contributed at least 18 months in the last two years, while in Spain this are only 12 months in the last six years (Bover, García-Perea, & Portugal, 2000). On the other hand, the Portuguese employment protection is stricter than in Spain, except for the severance payments for permanent contracts which are stricter in Spain. Due to the strictness in severance payments for permanent contracts, in Spain more and more temporary contracts were concluded. In contrast to that, in 1989 a law was issued in Portugal which made the issuing of fixed-term contracts more restrictive (Bover, et al., 2000). Moreover, Portugal does not have a dual labour market as Spain. Whereas in Spain people who enter the labour market for the first time get, as already explained, into the second sector of work, job seekers who are new on the labour market have better prospects of getting a good job in Portugal (Bover, et al., 2000).

Looking at the structure of the Portuguese labour market, one can see a fall in the number of wage labour in the early 1990s, while at the same time the number of people being self-employed rose to a share of 20% of the working population. Thus, former wage earners took the redundancy payments they got and started a small business in order to escape unemployment. Another common way to do this is the tradition of 'pluriactivity' (Villaverde Cabral, 1999, p. 229). This means that especially members of rural families accepted multiple jobs, for example farming and another paid work, either near their place of residence or in some urban area, in order to maximize the family income (Villaverde Cabral, 1999).

These different factors in the labour market systems of the two countries may explain the fact why unemployment rates in Portugal tend to be lower than in Spain, although they are still quite high.

As just mentioned, Portugal is also a country that has to struggle with the problem of youth unemployment, especially after the banking crisis in 2008 and the resulting economic crisis.

In the years 1995 the youth unemployment rate in Portugal was already quite high at around 16.1%. Up until the years 2007, the number even increased more than the OECD average, namely by around 4.3% to 20.4%. Thus, already in early years Portugal had a quite high rate of youth unemployment. Same as in Spain, in Portugal the youth faces a risk of becoming unemployed that is twice as high as the risk of becoming unemployed for adults (Scarpetta, et al., 2010). Although Portuguese youth unemployment rates also rose during the crisis, the increase was not as huge as in Spain. It rose from around 20.4% in 2007 by around 7.3% to 27.7% in 2010 (see Appendix 1).

Furthermore, in the year 2008 in Portugal graduates having a secondary education or higher (75%) were more likely to become employed than students who left school without something less than secondary education (Scarpetta, et al., 2010).

Consequently, also in Portugal it is important to support the youth in finding a job or at least to develop better skills to increase their chances of finding a job (Scarpetta, et al., 2010).

Concerning Portugal's GDP per capita, one can observe quite the same pattern as in Spain. The GDP per capita rose from 1995 until 2008, from 12000€ per person to 15100€ per person, with a small decrease in 2003. However, from 2008 until 2012 the GDP per capita in Portugal decreased by 900€ per person, to 14200€ per person (see Appendix 2). This decline is also displayed in the GDP growth rate between 1996 and 2012. Thus, the GDP constantly grew from 1996 until 2007, with a high peak in 1998 (4.7%) and only a single decrease in 2003 (-1.6%). However, from 2008 until 2012 the GDP growth rate decreased, with the biggest lost in 2009 (3%) and only one positive growth rate in 2010 (1.9 %) (see Appendix 3).

All in all, one can say that the youth unemployment rate, the GDP per capita and the GDP growth rate in Spain and Portugal reflect the economic crisis that started in 2008. In both countries, more and more young people were unemployed. Moreover, the GDP growth rate and consequently, also the GDP per capita decreased in both countries.

### 3.3 Data Collection

The data used in this study will be social policies in Spain and Portugal that aim at reducing the unemployment rate among the youth. Thus, data from before and after the beginning of the economic and banking crisis will be compared.

The data will be collected by applying the LABREF database, which is a database established by the European Commission in 2005, in order to provide information on those reforms which 'aim to modify relevant labour market institutions' (European Commission, 2000). From this database reforms from the labour market policy areas of Active Labour Market Reforms, Unemployment Benefits and Other Welfare-Related Benefits will be examined more closely.

Additionally, policy documents issued by Portugal and Spain are going to be analysed , as well as different scientific articles that deal with the topic of youth unemployment in Spain and Portugal, as well as with youth unemployment during the banking and economic crisis which started in 2008.

Moreover, some data provided by the 'Organisation for Economic Co-operation and Development', short OECD and Eurostat, the statistical database of the European Commission, will be applied in order to describe developments in unemployment rates and numbers in Spain and Portugal.

Moreover, mainly qualitative data will be analysed, as we are only examining the change in policy strategy and hence in the changing of the nature of youth unemployment policies. However, additionally, some quantitative data will be applied that aim to describe the development of unemployment rates in Spain and Portugal between the year 2000 and 2010. Moreover, the data set

already exists, as we only examining policies and reforms that were issued since the year 2000 and unemployment rates that were recorded over the years.

A possible weakness that can occur to a research which is mainly based on analysing qualitative data may be the interpretation by the researcher. This means that when reading articles, report and other texts, the researcher may misinterpret certain implications. This can naturally also happen when examining policy documents and scientific articles. Moreover, another limit to this study is that the reforms will only be analysed according to how many reforms of which policy strategy were issued in a year. It was unfortunately not possible to take into account the relative importance of every single reform.

### 3.4 Data Analysis

In order to analyse the collected data, the examined policies will be assigned to either the social investment perspective, workfare policies or to neither of both. Social investment policies are, as already mentioned, the policies that aim at tackling the problems at their roots, so to say in their infancy. This includes vocational training provisions and education for the unemployed; the reconciliation of work and family life, especially for parents; the provision of incentives that bring people back to work; the inclusion of social partners, like trade unions and employers; the offer of lifelong education and training opportunities as well as measures that give disabled people better chances to get back on the labour market (Sarfati, 2003; Vis, 2011). On the other hand, workfare policies are just a kind of emergency relief, which only solve problems that have already materialized. These consists of unemployment benefits, namely unemployment insurance and unemployment assistance; the fact that people have to work for their benefit; the tightening of eligibility criteria for unemployment benefits and the increasing conditionality of these; the introduction of work tests; mandatory labour market programmes or work requirements; the adaptation of benefit levels and duration, as well as the fact that the unemployed have to accept any reasonable job, even if it is not in their regular field of occupation (Dingeldey, 2007). To be able to account how many policies and reforms were introduced of each policy strategy per year, social investment policies will be marked with a 1, workfare policies with a 2 and policies that are neither of the social investment perspective nor a workfare policy will be marked with a 0. For each year the numbers will be counted and seen which number occurred more often in which year between 2000 and 2010 and consequently, one can see which kind of policy occurred more often in which year and one can even draw a curve of the development in policy strategy over the observed time of 10 years. Thus, one can see if after the beginning of the economic crisis in 2008 more or less workfare policies and reforms or more or less social investment policies or reforms were introduced or if the policy strategy remained more or less the same as before the crisis.

## Chapter 4: Data and Analysis

In this chapter the data will be described as well as analysed. Due to the set up theory of path dependence and path departure, it will be expected that both countries in general stick to their previous policy strategy in order to fight youth unemployment and only introduce major reforms partially, without changing their whole policy strategy.



## 4.1 The case of Spain

### 4.1.1 Status Quo in the year 2000

Already in the years before the introduction of the Lisbon Agenda in the year 2000, the Spanish government introduced new policies and policy reforms that pointed towards the direction of social investment policies.

Thus, they agreed on introducing measures for stability and employment, as well as on collective bargaining. The agreements on vocational training even had their impact on the Public Employment Services (PES). Due to these agreements the PES have been decentralised and brought closer to the job seeker in order to become more efficient.

Moreover, it is observed that the Spanish National Institute of Employment, Insituto Nacional de Empleo (INEM), has increased their spending on active policies by 114% in 3 years.

Moreover, in the year 1999 the Second National Professional Training Plan was introduced, which has the aim to improve the professional training for students and unemployed. Moreover, this training plan was extended to those people who are most in need of improved skills, for example disabled and people that did not finish secondary education.

Additionally to the National Professional Training Plan, the Spanish Institute of Qualifications was founded in 1999 in collaboration with the autonomous regions of Spain and social partners as for example trade unions. This institute has three main tasks. First of all, to organise a system of job information and counselling for students and the labour force. Secondly, it should provide 'a framework for the future National System of Qualifications as an instrument to integrate the different types of professional training' (GovernmentSpain, 2000, p. 9). Moreover, this institute should elaborate indicators in order to monitor and evaluate the quality of different professional trainings.

Furthermore, INFOXXI, the government's 'strategic initiative for the development of the information society' (GovernmentSpain, 2000, p. 12) was established in 1999. Its main aim was to emphasize the greater use of new technologies as a basic tool in education and training, so that people get used to these and are not marginalised in the labour market in this respect, but that they get suitable qualifications for working in the developing economy. To do this it worked along seven main factors, namely stressing education and training, the creation of jobs, increasing innovations, increasing the efficiency of the public administration and of companies, strengthening social cohesion, improving peoples' quality of life and finally increasing Spain's influence in foreign countries.

Also due to these measures, the training of teaching staff has been boosted, as well as the training of employed workers which increased by 15%.

Moreover, several measures were introduced which should ease the integration of disabled people, immigrants and people who suffered from social exclusion in the labour market.

Besides, also policies to reconcile family and labour for working parents were introduced or reformed. Thus, educational programmes that take care of children have been increased by 42%. These programmes include child education, as well as social integration.

All in all, one can see that even before the year 2000 the Spanish government has made a huge step towards Social Investment Policies and investing in human capital (GovernmentSpain, 2000).

#### 4.1.2 Issued Labour Market Reforms (2000-2010)

##### 2000

Coming to the new policies and labour market reforms introduced in Spain in the year 2000, one can see in Figure 4 that slightly more social investment reforms were introduced than reforms that were more of a workfare nature. Thus, in the year 2000 especially the employment of people with disabilities was stimulated. First of all, companies which employed disabled workers on a permanent basis, as well as companies which changed contracts with disabled workers from fixed-term to permanent ones, were subsidised. Additionally, special employment centres which are active in establishing labour for disabled people were also subsidised by the government (Commission, 2013). On the one hand, this can be seen as not fitting into one of the both categories, as it subsidises employers for hiring people that are difficult to place on the labour market. However, on the other hand, it creates better opportunities for disabled workers to get back on the labour market. As the latter argument prevails, this reform is categorised as Social Investment Policy. Moreover, a reform was introduced which states that, by providing the means and the teaching staff, which are adapted to the special needs of disabled, priority in employment and training programmes is given to the disabled (Commission, 2013; GovernmentSpain, 2001). This is clearly a Social Investment Provision as it gives disabled people better chances to access the labour market and additionally provides training opportunities for the disabled. Furthermore, companies which employ more than 50 workers were also involved in the actions to get disabled people back on the labour market and for this reason the following reform is also categorised as Social Investment Policy. Thus, companies with more than 50 workers either had to make up 2% of their total labour force with disabled people, or, if they did not have the means to comply with this regulations, they had to support organisations or institutions which care for the training and employment and hence for improved job opportunities of people with disabilities.

Finally, a last reform of the year 2000, which can be counted as of a social investment nature, is the innovation of the system of vocational training for workers and other employed people, as it deals with the provision of vocational training and education facilities. These innovations include, first of all the assistance to companies and all workers for pursuing a vocational training. Moreover, the granting of financial aid for training, will be made more flexible and transparent. In the third place, the training of people who search for a job should be more fitted to meet the needs of companies (Commission, 2013). These reforms all fight the problem of (youth) unemployment at its roots and try to solve it on a long-term basis. Therefore, they can all be seen as being Social Investment Policies.

However, in the year 2000 the Spanish government also issued some policy reforms, which can be said to be Workfare Policies. Consequently, reforms were introduced in order to govern the active integration income scheme for the year 2000. This scheme was created to support unemployed workers which have special economic needs and for which it is difficult to find a job. In exchange for supplying an income for these workers, the scheme also requires them to take part in actions that try to increase employability. Thus, one can say that people have to work for their benefit and that they have to participate in a mandatory labour market programme. Hence, this can be seen as a reform of a Workfare Policy. Additionally, another reform was introduced which requires that unemployed work for their benefits and which also can be seen as a mandatory labour market programme. Thus, an income, which supplements already existing financial assistance, is granted if unemployed take part in programmes of unemployment training (Commission, 2013). Finally, a reform was introduced

which provided for subsidies for disabled workers who were unemployed and wanted to become self-employed (Commission, 2013; GovernmentSpain, 2001). On the one hand one could argue that it is a measure to get disabled people on the labour market and thus belongs to the Social Investment Policies. However, on the other hand it is a provision which gives unemployed people money in case they get back to work, which means extra benefits for work and is therefore categorised as Workfare Policy Reform.

The last reform deals with the modernisation of the Public Employment Services (PES). Thus, within the PES a system is created which will introduce 'common criteria for the management of employment intermediation' (Commission, 2013). Hence, it is categorised as belonging to none of the two in this study mentioned categories.

To sum it up, one can say that in the year 2000, the Spanish government only slightly more relied on social investment initiatives than on workfare initiatives.

### 2001

Whereas in the year 2000 eight labour market policy reforms were introduced in the fields examined in this study, in the year 2001 only three reforms were introduced. One of these reforms can be classified as being a Social Investment Policy. It deals with the formation of the 'Tripartite Foundation for Training in Employment'. This foundation has to oversee the training initiatives which were determined in the 'Third National Agreement on Continuing Training', namely training plans and training permissions for individuals (Commission, 2013). This reform supplies training provisions and includes a cooperation with the social partners. Hence, it tries to prevent youth unemployment as it invests in human capital and consequently aims at granting people better chances to access the labour market and consequently fits in the group of Social Investment Policies.

The other two labour market reforms of the year 2001 are rather categorized as being workfare policies. The first one deals with the recruitment of unemployed for carrying out work for public administrations or non-profit organizations, which is said to be of interest for the community.

The third reforms deals with the Active Integration Income Scheme, which is regulated on an annual basis and deals with the same issues as in the year 2000 (Commission, 2013). These reforms rather aim at taking care of the damages that were caused through already existing unemployment and thus they can be classified as workfare policy reforms.

All in all, one can say that in the year 2001 the focus rather lay on workfare policy reforms than on social investment policies.

### 2002

Observing the year 2002, one can see in Figure 4 and Table 3 that in this time the focus neither lay especially on Social Investment nor on Workfare Policy Reforms, but rather on reforms that do not fit into either category. In this year two of the nine issued reforms could be classified as being social investment, three were workfare policy reforms and four of the analysed reforms could be classified as belonging to neither of both policy strategies.

Observing the Policy Reforms in the Social Investment Category, a system of vocational training, as well as academic and career guidance was established, which was susceptible to the needs of the different occupational skills. Thus for example vocational training will be improved according to feedback of the authorities and social partners involved in the process of training. The main objectives aimed at by this system are first of all, elaborating special packages for vocational training and appraising the respective professional skills and secondly, to match the offer of vocational

training to the socio-economic circumstances of the country. In the third place, the system should simplify the interchange of feedback between the labour market and the vocational training system. Finally, it should be certified that the skills provided by the vocational training match with the skills needed by the labour market (Commission, 2013). This reform provides opportunities for vocational training and therewith invests in human capital. Consequently, this reform is one of Social Investment Character. The second Social Investment Policy Reform provides a cut in payments for companies if they employ disabled workers on a permanent basis. Thus, more work places for disabled people are offered and consequently the chances for disabled people to access the labour market rise. On the other hand, it can also be argued that it is a measure which subsidizes employers if they hire disabled people and thus this reform cannot be categorised as either Social Investment or Workfare Policy Reform. However, as the fact that the increasing opportunities for disabled people to access the labour market is seen as being more substantial, this reform is categorised as belonging to the group of Social Investment Policy Reforms. (Commission, 2013; GovernmentSpain, 2003).

Coming to the three workfare policy reforms, one of them deals with the extension of granting unemployment insurance also to some groups which work in cooperatives. As this deals with the conditions for unemployment benefits and thus only tries to fight the problem after it has already emerged, this reform is categorised as Workfare Policy. Moreover, the 'Active Integration Income Scheme' which was already dealt with in the years before, will be available to all people over the age of 45 who have at least worked for a month, to disabled unemployed workers, emigrants and so on. The third Workfare Policy Reform in 2002 regulates the measure that unemployed over the age of 52 who become employed may still receive their unemployment benefit while working. This results in a slight reduction of wage costs for the employer (Commission, 2013; GovernmentSpain, 2003). This measure can be seen as a workfare policy, as it does not tackle the problem of unemployment at its roots, but only tries to compensate for the damage that already occurred due to unemployment.

Regarding the three reforms which can be classified as being neither of social investment nor of workfare character, they mainly deal with the topic of workers receiving their unemployment benefits in a lump sum when becoming self-employed. This is neither an investment in human capital nor a kind of emergency relief for the problem of unemployment. However, one could argue that it is, same as in the year 2000 a benefit in case of going to work. However, the affected persons would anyway get their unemployment benefits. Now, they just get it in a lump sum, which does not mean any extra benefit and thus also no Workfare Policy Reform. Consequently, it cannot be categorised. Another reform deals with adaptations in the PES and as already mentioned this cannot be categorised as either Social Investment or Workfare. Thirdly, there is a reform which grants women who have children below the age of three a cut in payments if they are active in the labour market. This can, on the one hand, be seen as Social Investment Policy Reform, as it may give women an incentive to get back on the labour market. On the other hand, it may be a requirement to work for the benefit of cuts in payments and hence can be classified as Workfare Reform. As both arguments are quite reasonable this reform is categorised as belonging to none of the two categories. Finally, there is a reform which deals with home-purchase help to lower income groups. As this measure does not seem to fight the problem of unemployment, it cannot be fitted into one of the mentioned categories (Commission, 2013).

## 2003

Within the year 2003, the overall number of six policy reforms in the analysed fields of labour market policies were issued. One of these could be classified as belonging to Social Investment Policies, two were characterised as being Workfare Policies and three reforms did not fit in one of the two mentioned categories.

The social investment policy reform of the year 2003 implies a modification of ongoing training. This implies modernizing the system of training measures, reducing the bureaucracy that is needed to be granted admission to the training, making clear which competences are with the central state and which with the regions, and finally creating a system of funding, in which most of the action is taken over by the companies. Moreover, companies which provide training for their workers, either delivered by themselves, trade unions or special training organizations, are subsidised with decreasing social security contributions (Commission, 2013). On the one hand, one could argue that this reform only deals with modernizing the system of vocational training. However, one can also claim that it deals with in-work training and that enhances workers' opportunities for further education. Consequently, as it goes rather into the direction of Social Investment Policies, it is categorised as belonging to this group.

Concerning the workfare policy reforms, on the one hand, as in the previous years, the active integration income scheme, which belongs to the workfare policies, is regulated. Furthermore, the INEM may sanction recipients of unemployment benefits, in case they refuse a suitable job offer or in case they do not participate in an employment training (Commission, 2013). This can be counted as reform of a workfare policy, as it urges unemployed workers to accept any kind of job and it implies a mandatory labour market action.

Taking a closer look at the three reforms that could not be fitted in one of the two mentioned categories, it is to mention that they mainly deal with the payment of the unemployment benefit in a lump sum, if the recipient joins a cooperative, a labour cooperation or becomes self-employed. Moreover, the restructuring of the PES is dealt with in these reforms, which seems to be quite hard to categorise. On the one hand, one could say that it is of a Social Investment Nature, as it individualises the programmes that integrates the unemployed into the labour market and through this individualization may give people an incentive to start looking for a job. On the other hand, one could claim that it is of a Workfare Nature, as it states that unemployed workers have to be fully available for a suitable job offer and that they have to take part in active employment measures, which can be seen as mandatory labour market programmes. Finally, this reform is classified as being none of both, as it mainly deals with reforming the PES and as it could be either fitted into Social Investment and into the Workfare Policy Group (Commission, 2013; GovernmentSpain, 2004). The last reform deals with raising pensions. It is classified as none of the both concepts, as it does not deal with fighting the problem of unemployment.

To sum it up, when comparing the two policy strategies, in the year 2003 the focus of the Spanish Government lay only slightly more on Workfare Policy Reforms.

## 2004

In the following year, namely the year 2004, only three reforms were introduced in the observed policy fields and all of these reforms can be classified as belonging to the field of Social Investment Policies.

First of all, a measure was introduced which eased, the procedure for newly created companies to receive subsidies in the case of employing a disabled worker. Thus, it can be seen as belonging to none of the categories, as it provides employers with subsidies because of hiring people that are difficult to place on the labour market. Moreover, in the cases where disabled people are hired, state aid will be provided in order to adjust the working area to the needs of the disabled (Commission, 2013). Hence, it was categorised as belonging to the group of Social Investment Policy Reforms, as it enhances the chances of people with disabilities to enter the job market, as employers are now more likely to employ people with disabilities.

The second reform aims, as a tool to create working possibilities for the occupational disabled, at controlling for protected workplaces and as controlling for sheltered work, which means that an individual, due to his disability, is offered a special work place by his employer that normally does not exist, as a sort of employment for disabled people. Additionally, it will be monitored if companies stick to the quota of disabled people working for them. Hence, sheltered work can for some companies be regarded as compliance with this quota. This reform is clearly of Social Investment nature, as it creates more and new opportunities for disabled people. Finally, the third reform in the year 2004 states that workers with huge difficulties in getting onto the labour market should be given precedence over others when it comes to the access to training possibilities. This also provides better opportunities for them to get onto the labour market and hence, can be categorised as Social Investment Reform. All in all, all three measures can be regarded as helping disabled people to develop better chances to get back into employment (Commission, 2013; GovernmentSpain, 2004).

## 2005

Observing the collected data from the year 2005, one can see that the number of reforms is around the average from the years 2000-2010, namely seven labour market reforms in the analysed fields of policy were introduced in 2005. However, in this year no reforms were introduced that could be categorised as Social Investment Policies. However, two workfare policy reforms were introduced and even five of the reforms did not fit in any of the two categories. The workfare reforms again deal, as in the previous years with regulating the active integration income scheme. Additionally to the previous years, the regulations for 2005 increases the length of the actions the unemployed have to take part in and to urge unemployed to accept jobs, and thus gives additional incentives. Same as in the previous years, this reform is categorised as workfare, as it implies that people work for their benefits and it can be regarded as some kind of mandatory labour market programme. The second workfare policy reform raises, due to an increase in the minimum wage, the amount of money a single person is allowed to earn to be still entitled to receive unemployment benefits. Consequently, the number of people that are eligible to unemployment benefits also rises (Commission, 2013). As this affects the conditionality of the unemployment benefit entitlement and thus only tries to repair damages that have already occurred it can be regarded as Workfare Policy Reform.

Taking a closer look at the reforms that did not fit in any of the categories proposed in this study, two of them again deal with the payment of the unemployment benefit in a lump sum or with subsidising unemployed workers in case they decide to become self-employed. Two have the subject of reforming the PES, for example establishing a new information exchange system or decentralising public intervention. The fifth of these reforms deals with the diversion of public resources in order to support the rental market (Commission, 2013). As this is no measure to combat the high unemployment rate in Spain, it cannot be fitted into either of the two categories.

Altogether, one can say that in 2005 the focus within the observed fields of labour market reforms rather lay on workfare policy reforms than on social investment policies.

## 2006

In the year 2006, the number of reforms introduced is, with 13, quite outstanding. In this year of observations the focus lay only slightly more on workfare reforms than on social investment reforms. Four of these reforms were rather of a Social Investment character, which seem to deal with quite different topics. First of all, young people are helped in their own business through the 'Spanish National Youth Institute' (Injuve) and the 'Confederation of Spanish Associations of Young Businessmen' (AJE) which together established a programme named 'Business Seedbed'. The main tasks of this programme embrace giving advice, also from business experts, giving young people information about training possibilities and possible subsidies, as well as the creation of ideas for their business (Commission, 2013). This can be labelled as Social Investment Policy Reform, as it implies a collaboration with the Social Partners Injuve and AJE. Moreover, it gives young people incentives to search for a job and supports them with this tasks. Thus, it tries to fight the problem of youth unemployment at its roots. The second reform again increases the chances of disabled workers to reintegrate in the labour market, by controlling the number of professionals in employment centres especially oriented towards people with disabilities (Commission, 2013). Thus it implies education and training for people with disabilities and hence, invests in their human capital and helps them with increasing their chances to enter the labour market. The third reform initiates training measures especially for the textile sector. This includes for example establishment of new production processes and new technology. This is, at it provides in-work training and the opportunity of lifelong education, also an investment in human capital and can therefore be counted as Social Investment Policy. The vocational training system is improved within the next reform, therefore it can also be counted as belonging to the Social Investment Policies. It, first of all, lays the ground for merging the systems of training aimed at unemployed people and that of training aimed at people that are still active on the labour market. Moreover, the reform introduces a process for connecting the training measures with the National Professional Qualifications System and that, as a result, all workers will be given a Certificate of their reached skills and qualifications. Furthermore, different as in previous years, workers have now the possibility to undergo training in any sector and not only in the sector, they are working in (Commission, 2013). Thus, it can again be regarded as an investment in people's capabilities, especially, as workers can now experience training in sectors apart from the one they use to work in. Moreover, people are motivated by the fact that the skills obtained through training and education will from now on be accredited.

Two of the six workfare policy reforms deal, as in the previous years, again with the Active Integration Income Scheme. However, from 2006 this scheme is not anymore governed annually but is now arranged on a permanent basis. In addition to the active integration income scheme, the granting of contributory unemployment benefits is enlarged to also include unemployed who are older than 45 years and who have already used up a benefit of less than 12 month and similar groups. The next Workfare Policy Reform extends the eligibility to unemployment benefits to people who were elected to local authorities or to not-official government members and highly ranked members of trade unions. These two reforms can be categorised as Workfare because they gave more people access to unemployment benefits. The next reform can be categorised as belonging to the group of Workfare Policies, as it increases the duration of granting benefits, by raising the length of time contributory unemployment benefits are paid to persons that work in the agricultural sector.



Finally, also the last reform widens the access to unemployment benefits, namely to regional unemployment benefits. From 2006 on, there is no more restriction to the number of time workers of the agricultural sector may benefit from this specific unemployment scheme. Again this reform widens the access to unemployment benefit and can therefore be categorised as Workfare Policy Reform. All of these six mentioned policy reforms can be classified as workfare, as they do not tackle the problem of unemployment at its root, but they also try to compensate for the problems that arose through already existing unemployment (Commission, 2013).

Three of the observed policy reforms introduced in 2006 could not be classified as either Social Investment or Workfare Policy. The first one deals with the measure that if workers getting unemployment benefits, who are affected by dismissals in the textile sector, get employed again, they can still get 50% of their unemployment benefit (Commission, 2013). On the one hand, this can still be seen as benefits for taking up a job, and thus can be categorised as workfare provision. On the other hand, it could be categorised as a Social Investment Policy Reform, as it could also be regarded as an incentive to get back to work. However, it was finally categorised as belonging to none of the both Policy Strategies as it can also be seen as an advantage for unemployed who become employed again. The next non-classifiable reform deals with the granting of subsidies when temporary contracts are transformed into permanent ones. As this neither invests in human capital, nor tries to repair damages that already occurred due to unemployment, this reform cannot be fitted into either of the categories. The last reform again deals with the modernization of the PES and does therefore not fit into one of the mentioned categories.

## 2007

Another four labour market reforms in the areas analysed in this study were introduced in the year 2007. One can say that in this year the Social Investment Reforms prevailed. The first one regulates the creation of Insertion Enterprises. These are companies which employ people who are at risk of becoming socially excluded. They provide these people with training measures and thus try to incorporate them in ordinary companies. This reform entails a cooperation with social partners, like for example not-for-profit institutions. Moreover, it implies training measures, especially for people which are at risk of social exclusion and hence, invest in these people's human capital. Therefore, the mentioned reform can be seen as a Social Investment Policy. The inclusion of disabled people in the labour market through individual assistance by professionals is subject of the second reform. It is also of a Social Investment Character, as it promotes the education of disabled workers and consequently also encourages their insertion in the labour market on a long-term basis. The third reform addresses the topic of lifelong-learning for the employed workers, which is a characterization of Social Investment Policies, as well as vocational training for the unemployed, which is also included in the Social Investment Strategy laid down in the Lisbon Agenda of 2000. Consequently, all of the three mentioned reforms can be counted as Social Investment Policy Reforms (Commission, 2013; GovernmentSpain, 2005).

The only Workfare Policy Reform for the year 2007 deals with the rise in the amount of the non-contributory unemployment benefit. As unemployment benefits only try to compensate for damages that were made by already occurring unemployment, this reform can be categorised as being of a workfare nature (Commission, 2013).



All in all, one can say that before the world economic crisis there was a slight trend towards Workfare Policies. However, one cannot say that they simply relied on Workfare Reforms, but they also issued reform belonging to the Social Investment Policy Strategy.

## 2008

The first thing that one recognises when analysing the policy reforms after the beginning of the world economic crisis is that compared to the years before the crisis only a few reforms were introduced in the analysed areas of labour market policies.

In the year 2008 only four reforms were introduced, of which only one could be classified as Social Investment Policy Reforms and three neither matched the Social Investment Strategy nor Workfare Policies.

The Social Investment entails an enhancement of the 'Network of Vocational Training Centres'. Such centres shall be founded in different communities in order to provide training activities. Moreover, a system shall be created through which it is made easier to determine the skills and knowledge the workers or unemployed gained through training and education. Additionally, an online platform shall be erected so that certain training modules should be made available from the distance. This reform can definitely be classified as belonging to the Social Investment Policies. First of all, it implies vocational training provisions for many people. Moreover, it gives, by creating a network of 25 National Vocational Training Reference Centres, people better and more opportunities to access vocational training. And finally, by advising people on their training possibilities and so on, it also gives people more incentives to take part in education. Through all these factors, the reform definitely makes an investment in the population's human capital and therefore can be counted as Social Investment Policy (Commission, 2013; GovernmentSpain, 2005).

The non-classifiable reforms include first of all, the establishment of a fund to maintain employment and to create new jobs. This neither invests in human capital, nor actively tries to fight unemployment through granting people benefits in case they go back to work. Consequently, it cannot be fitted in either Social Investment or Workfare Policies. The next reform deals again with the modernization of the PES. However, this time it could be argued that it also fits with the Social Investment Strategy, as it deals with a plan for Vocational Education and Training. On the other hand, it could be claimed that it belongs to the Workfare Policies as it rewards the unemployed financially for taking part in such a measure. As it could be fitted in both of the categories and deals with the modernization of the PES it was finally said to belong to none of the both mentioned categories. The last reform for 2008 entails that recipients of unemployment benefits may get 60% of their benefit at once if they decide to become self-employed (Commission, 2013). As already mentioned reforms of such again may not be fitted into either of the categories.

## 2009

In 2009 none of the three issued reforms could be classified as belonging to the Social Investment Strategy. The regulation that 420€ will be awarded to people who have lost their rights to receive unemployment benefits with the beginning of the year 2009 can be seen as Workfare Policy reform, as it first of all adapts the amount of benefits unemployed are receiving and it changes the conditionality of receiving the benefit. Moreover, it can be seen as a measure that only gives benefits if the unemployed work for it, as they have to take part in a training programme to be entitled to this benefit. The next reform deals with changes in the Collective Dismissal Procedure. Namely, it regulates that workers that only suffer from a temporary suspension and not from a permanent

dismissal, will not lose their rights to unemployment benefits, if they are only out of work for 120 days. This increases the eligibility of being granted unemployment benefits and it adapts the duration of receiving these benefits. Consequently, it only tries to repair damages that already occurred due to unemployment and can therefore be counted as Workfare Policy (Commission, 2013).

The remaining reform addresses the topic of the founding of a 'General Council for the National Employment System', which cannot be counted as investing in human capital or actively repairing the damages that already occurred due to unemployment and therefore neither fits into the category of Social Investment Policies, nor with the Workfare Policies (Commission, 2013).

### 2010

Finally, in 2010 only four labour market reforms were introduced in the labour market policy areas analysed in this research, of which none belongs to the Social Investment Strategy, one was categorised as Workfare Policy Reform and the other three can neither be classified as Social Investment Policy nor as Workfare Policy.

The first Workfare Policy Reform addresses the subsidising of Social Security Contributions, the improvement of wages and unemployment benefits in case of entering a training contract and also finishing it (Commission, 2013). On the one hand, one could say that it gives people incentives to enter such a contract. However, it does not really invest in human capital, In contrast, it rather can be seen as a mandatory labour market programmes and that people have to accept any work in order to receive benefits. Thus, this reform will be classified as belonging to the group of Workfare Policies.

The first reform which cannot be classified deals with the redistribution of tax benefits in the case recruitment of people that are likely to become unemployed (Commission, 2013). As this also gives companies subsidies in case they hire specific people, this reform cannot be classified as belonging to either of the two policy strategies. The next reform again deals with subjects concerning the PES and modernizing it and can therefore not be classified as belonging to one of the mentioned strategies. Finally, the last reform deals with reducing the labour day in case of reduced economic activity. As this neither invests in human capital not gives people any kind of subsidy or other incentives to get back to work, it can neither be fitted into the Social Investment Strategy, nor in the group of Workfare Policies.

To sum it up, after the beginning of the crisis only a few reforms were introduced to the Spanish Labour Market Policies. Most of these reforms could not be classified as belonging to either the Social Investment Strategy or Workfare Policies. However, when comparing the number of issued Social Investment Policy Reforms with Workfare Policy Reforms it is to mention that three times more reforms were introduced which could be determined as belonging to the latter category, than the ones belonging to the first one. Still these numbers are not really significant as they are quite low. Thus, one cannot say that the Spanish government set the focus on a special policy strategy when it comes to tackling the problem of unemployment after the crisis.



Figure 4: Development of the labour market policies and reforms in Spain

Year	Social Investment	Workfare	None	Total
2000	4	3	1	8
2001	1	2	0	3
2002	2	3	4	9
2003	1	2	3	6
2004	3	0	0	3
2005	0	2	5	7
2006	4	6	3	13
2007	3	1	0	4
2008	1	0	3	4
2009	0	2	1	3
2010	0	1	3	4
Total	19	22	23	64

Table 3: Labour Market Policies in Spain (2000-2010)

## 4.2 The case of Portugal

### 4.2.1 Status Quo in the year 2000

Same as in Spain, even before the Introduction of the Lisbon Agenda in 2000, the Portuguese government introduced some policies and policies reforms which point into the direction of Social Investment. However, they also stuck to some policies and introduced some reforms, which rather seem to belong to the family of workfare policies.

Same as the Spanish government, Portugal was interested to increase the number of young people who take part in professional training programmes. Consequently, targets were fixed, which should

be met by 1999. Thus, they aimed at increasing professional training by 10% in five years, as well as a 20% increase in participation in the apprenticeship system. One can say that for the training programmes the numbers were totally met and for the apprenticeship system, these were, with an increase of 73% totally met.

Moreover, Portugal aimed at providing people with a sort of on-going training. This should, on the one hand, have the form of lifelong-learning. On the other hand, the adaptability of companies to structural changes should be strengthened, especially in the communications and information field and in the interaction with social partners.

All in all, one can say that a stronger emphasis was put on vocational training and education.

Additionally, reductions in social security contributions for employers were introduced, if they employed disabled people, young people seeking their first job, or long-term unemployed. Namely, people for which it is especially hard to get into the labour market. This reduction in contributions should give employers more incentives to hire a work out of one of these groups of people.

However, also policies and reforms which rather point to the direction of workfare policies were introduced. Thus, the new unemployment protection scheme came into force in 1999. This scheme included first of all the possibility of generating unemployment benefits while being employed on a part-time basis (elaborate). Moreover, it granted people unemployment benefits for a duration of 30 days in the case of attendance of vocational training courses with a duration of at least 6 month.

All in all, one can say that on the one hand, social investment already became important in Portugal in before 2000, but that also workfare policies were still introduced and reformed (National Action Plan Portugal 2000).

#### 4.2.2 The Issued Labour Market Reforms (2000-2010)

##### 2000-2001

Taking a closer look at the Portuguese policy strategy before the crisis, the first thing one recognises is that they, compared to Spain, introduced only a few reforms. Thus, in 2000, they did not even introduce any reform in the areas of labour market policies examined within this study. In 2001 two labour market reforms were introduced. However, they did not fit into one of the two observed categories, either Social Investment or Workfare Policies. The first one addresses the topics of subsidies for firms hiring young people looking for their first job and can, as it neither invests in human capital, nor provides people with unemployment benefits or something similar, not be classified as belonging to one of the categories mentioned. The other reform deals with family-related benefits and therefore does not help much in fighting unemployment. Consequently, it also cannot be classified (Commission, 2013).

##### 2002

In 2002 one Social Investment Policy Reform was introduced. It committed companies to provide training for early school leavers if they employed these. This means that some of the working time should be used to educate the early school leaver and thus certain credentials that are originally with the school are taken over by the company. On the one hand, one could say that it is a Workfare Policy, as a condition for signing the contract is attendance of a training course by the young employee and thus can be seen as a work requirement. On the other hand, this is a measure that provides vocational training as well as in work training. Consequently, it cares for investment in the human capital of young people that did not complete secondary education, and hence gives them

better chances on the labour market. Therefore, it can be considered as being part of the Social Investment Strategy (Commission, 2013).

### 2003

Although, in the year 2003 already five reforms in the analysed areas of labour market policy were introduced, none of them belonged to the Social Investment Strategy, but four could be classified as being Workfare Policy Reforms and one was characterised as belonging to neither of the two groups. The first Workfare Policy Reform deals with the Social Insertion Income which is to replace the Minimum Guaranteed Income. It could be argued that this reform cannot be classified as it deals with Social Insertion Income and not directly with unemployment benefits. However, unemployed people can also be granted this income in the case their eligibility for unemployment benefits is expired. Thus, it can be classified as workfare reform, as it tries to repair damages caused by existing unemployment. The second reform regulates the amount of the unemployment benefit and concedes the right to an increased amount of benefit to recipients with children and a very low income. As it increases the amount of unemployment benefits for certain groups of people, it can be classified as Workfare Policy Reform. The third reform says that a suitable job offer may only be turned down one time by an unemployed person, which means that people might be forced to take up a job they do not like. This can be regarded as a mandatory labour market programme and as a requirement to work and thus also belongs to the family of Workfare Policies. Finally, the fourth reform regulates the relaxation of conditions to be granted unemployment benefits. As it gives more people the chance to be granted unemployment benefits and thus only tries to compensate for damages caused by unemployment, it also belongs to the Workfare Policies (Commission, 2013).

The non-classifiable reform deals with sickness benefits, which implemented payments according to the time a worker is, due to sickness, not at work. This is not a workfare policy reform as it does not deal with an unemployed person which cannot get on the labour market, but with a person that is due to his or her own physical abilities not able to work for a certain time (Commission, 2013).

### 2004

In contrast to the previous year, in 2004 all three issued reforms could be determined as belonging to the Social Investment Strategy. The first reform states that if a minor, although he has not completed mandatory education, is employed by a company, he has to take part in an education or training measure which lasts at least 1000 hours (Commission, 2013). On the one hand, it could be seen as a mandatory labour market programme and would thus be classified as Workfare Policy Reform. However, it also regulates Vocational Training provisions and thus invests in human capital and gives people better chances to enter the labour market. As the latter arguments prevail, this reform is categorised as belonging to the Social Investment Strategy. Additionally, a measure is introduced in order to reconcile work and family life and which can thus also be counted as belonging to the Social Investment Strategy. This reconciliation is organised for example by regulating maternity and paternity leave and by training originally unemployed workers in order to substitute others which are temporarily away from work, in order to care for their family (Commission, 2013; GovernmentPortugal, 2004). It is seen as Social Investment Reform, as it reconciles work and daily life and gives disabled people better chances to be able to access the labour market. The last reform deals with the duty of employers to provide vocational training for those workers that were only hired for more than six months. Thus, they invest in human capital and provide them with the opportunity of lifelong education. Thus, this reform also belongs to the group of Social Investment Policies (Commission, 2013).

## 2005-2006

In the year 2005 again, as in the year 2000, no reforms were introduced within the labour market areas examined within this research (Commission, 2013).

In the following year, three reforms were introduced which, totally in contrast to the year 2004, all were determined to belong to the family of Workfare Policies. The first one addresses the topic of eligibility criteria of the social inclusion income. As previously mentioned, also the unemployed may benefit from this income. Thus, it tries to compensate for the problems caused by unemployment and can be categorised as Workfare Policy. The second reform abolishes the measure introduced in 2003, which grants an increased amount of benefit to recipients with children and a very low income. Now it is stated that the benefit cannot be higher as the last net income of the person. As it deals with the amount of unemployment benefit, it also belongs to the group of Workfare Policies. The third reform changes the structure of the unemployment benefits and therefore, as already mentioned before, only compensates people for the difficulties that arise due to their unemployment and can hence be classified as Workfare Policy Reform (Commission, 2013; GovernmentPortugal, 2008b).

## 2007

In the year 2007 the number of introduced labour market policies rose again to eleven, one can be categorised as being of a Social Investment character, five as belonging to the group of workfare policies and five can be fitted into neither of these two mentioned categories. The first reform is said to belong to the Social Investment Strategy as it aims at educating people and preparing them for the labour market on a long-term basis by revising the vocational training system. Thus a National Qualifications Catalogue is established which comprises the principles for training and criteria for recognising certain competences. Moreover, Individual Competences Notebooks are introduced which outline all competences and skills acquired through education and training. Additionally, so called 'Vocational Training cheques' are generated to secure the consideration and financing of individual needs within vocational training. This is classified as a Social Investment Policy Reform, as the introduction of Individual Competences Notebooks can be seen as an Incentive to attend vocational training, as skills and competences acquired during these trainings are now recorded. Moreover, it generally offers vocational training provisions and it adapts training to the personal needs of the individuals (Commission, 2013; GovernmentPortugal, 2008b).

The first workfare reform aims at more precisely explaining what non-voluntary unemployment means. This is done to be better able to declare whether or not an individual is eligible to receive unemployment benefit. As thus the eligibility criteria of unemployment benefits are changed, this reform can for sure be determined as a Workfare provision. The second workfare reform declares that the length unemployment benefits are paid is also dependent on the time the recipient has paid money to the Social Security System and not only on his or her age. Thus the eligibility criteria and the duration of receiving unemployment are changed. This, as already explained, determines that a reform belongs to the family of Workfare policies. The next reform can also for sure be determined as belonging to the Workfare Category as it specifies the amount of unemployment benefit granted to a recipient. Namely it is stated that this cannot be higher than last net income the beneficiary has earned. The following reform determines what a convenient job is and thus also determines whether or not an unemployed may refuse a job offer or not. Thus, it is said that the job has to be in line with the person's capabilities and skills. Hence, if an unemployed refuses a job which is considered as convenient for him, he risks to lose his entitlement to unemployment benefit. The

fact that through this measure an unemployed may be forced to accept a job that he considers as not suitable, as being convenient can still be a matter of interpretation, it can be defined as a Workfare Policy Reform. The last reform belonging to this strategy, introduces new criteria for granting unemployment benefits. Thus, the eligibility criteria are tightened and also already mentioned before, this can be seen as an indication for a Workfare Policy (Commission, 2013).

The first reform that cannot be categorised concerns the approval of subsidies in case a company hires workers who were previously on a fixed term on a long-term basis. As this neither invests in human capital, nor actively compensates for the problems caused by unemployment, it does not fit into one of the categories dealt with. For the same reason the next reform, which aims at strengthening the link between PES and the social security, is not classifiable (Commission, 2013). The following reform deals with the creation of 'Sectoral Councils for Qualification', which should create and update the National Qualifications Catalogue. One could argue that it is a Social Investment Policies, as it somehow concerns Vocational Training and may also give people incentives to apply for training. However, it does not actively invest in human capital, nor does it change education provisions and therefore is classified as belonging to none of the mentioned policy strategies. The next reform increases the statutory minimum wage. This is not classified as belonging to one of the strategies, as it does not directly concern unemployed workers. On the other hand, one could argue that the increases minimum wage could be seen as an incentive to get people to apply for a job and get back on the labour market, but it does not deal with investing in human capital and education and therefore does not belong with the Social Investment Policies. The last reform introduced in 2007 provides for an abolition of the provision that granted a family which already received unemployment benefits a higher sum of family benefit when they had a really low income. As this again does not directly deal with unemployment or investing into human capital it cannot be fitted into one of the Policy Strategies dealt with in this study (Commission, 2013).

Regarding the analysed reforms of the years 2000-2007 it is to mention that compared to Spain the Portuguese government in this period introduced relatively few reforms in the analysed fields of labour market policies, namely only 25, whereas Spain introduced 53 reforms in the same time. Moreover, in contrast to Spain a clear pattern towards Workfare Policy can be observed in Portugal in the time before the world economic crisis in 2008.

## 2008

When observing the pattern of labour market reforms issued in the year 2008, it is to say that it definitely does not fit to the pattern observed before the crisis, because of the 9 issued reforms, 6 can be categorised as belonging to the group of social investment policies, only two fit in the Workfare Category and one cannot be classified.

The first reform initiates the establishment of the 'Qualification-Employment professional placement programme'. The main aim of this programme is to give unemployed people the chance to improve their skills and qualifications no matter of what age they are. Thus it contributes to investment in human capital, by providing people with training provisions and the opportunity of lifelong learning. Moreover in 2008 the INOV programmes were created. These programmes help young people to become employed by taking part in professional trainings, especially designed for higher education graduates. There are five different types of the INOV programme. The first one aims at training in Small and Medium Sized Enterprises, the second one at trainings in companies abroad, one takes care of those who undertake training in an art organisation, another one provides training for achieving international qualifications in entrepreneurship and management and the fifth provides



training placements in the field of development cooperation. Thus, all of these contribute to vocational training in a specific area and can therefore be determined as Social Investment Policy Reforms (Commission, 2013; GovernmentPortugal, 2010). The third reform takes care of the creation of professional training places for young people and pays recruitment aid to the employers that hire these young people. On the one hand, one could say that it does not fit in either of the categories as it subsidises employers when hiring workers from a group that is difficult to place on the labour market. On the other hand, it provides training for the young and tries to make the way to employment easier for them. This measure again provides vocational training and additionally gives young people incentives to actively search for a job. Hence, it can be classified as being part of the Social Investment Strategy. The following labour market reform of 2008 introduces the so-called Qualification-Employment measure. This is an extraordinary measure which provides for employment retention in the times of an economic or production downturn of the business. In this case, workers get a certified training during some hours of their usual working time which enhances their skills and qualifications. During this time the wages of the workers are co-funded by the government so that they can keep their jobs. As this is a measure which, at the same time, prevents people from becoming unemployed and invests in human capital it can definitely be put in the group of Social Investment Policy Reforms (Commission, 2013; EWCO, 2011).

The next reform provides for an adaptation of the Training for Apprentices under the National System of Qualifications and the National Qualifications Catalogue. These Training Courses within Apprenticeship have the aim to care for vocational training coupled with higher secondary education. As it also provides some sort of in-work education and provides training it is counted as a Social Investment Policy Reform, as it implies investment in human capital.

The last Social Investment reform within the year 2008 provides a revision of the structure of Training and Education for adults, thus for example the system of modular training was adjusted and coupled with other training courses (Commission, 2013; GovernmentPortugal, 2010). As this also provides education and an investment in human capital, it can also be seen as Social Investment Reform.

One of the Workfare Policy Reforms of the year 2008 deals with the incorporation of a number of unemployed workers in not-for-profit institutions. As this can rather be seen as a mandatory labour market programme instead of giving people the chance for a job, it is classified as Workfare Policy Reform. The second one deals with the fact that, through subsidies, unemployed persons set up 1600 new companies. As this not counts as investment in human capital, but rather as granting unemployed benefits in case they get back to work and hence as mitigating the effects of unemployment, this can be classified as a Workfare Policy Reform (Commission, 2013).

Coming to the reform that could not be fitted into either of the categories, it addresses the approval of the National Qualifications Catalogue introduced in 2007. This admittedly may give an incentive to take part in a training course, but it does not count as education and an investment in human capital. Consequently it was said to not fit in either of the mentioned categories of policy strategy (Commission, 2013).

Considering all these reforms one can definitely say that in the year 2008 the focus of the Spanish government lay on Social Investment Policy Reforms when it comes to Labour Market Policies.



## 2009

As one can see in Figure 5 the number of Policy Reforms in the analysed fields of policy in this study are outstandingly high in the year 2009. The Portuguese government introduced a total of 20 reforms to the labour market policies. Nearly half of them, namely nine, fall in the category of social investment policies, six are categorised as Workfare Policy Reforms and five neither fitted in the group of social investment nor with the Workfare Policies.

The first reform in the year 2009 promotes youth employability by improving the Professional Traineeship Programme. It enhances the entry to training for young people, it gives people who already improved their skills chances to new traineeship and it enlarges the task of the training programme so that it also includes small enterprises. Hence, it is of social investment nature as it improves the training and education of young people and thus invests in young people's human capital and already aims at education at a young age. The next reform is categorised as Social Investment Policy as it improves the chances of people over the age of 35, who took part in vocational training or education, and enhanced their skills and their capital, to access the labour market. More in detail it promotes the employment of people of this age, who recently finished an education or training course, into newly created jobs that call for higher skills and qualifications (Commission, 2013).

Incentives to get back into the labour market are given with the next reform which establishes new structures within the PES that help the unemployed to improve their access on the labour market and get back into employment. As this supports people in getting a job in their field of occupation, which can be seen as an investment in human capital, because when applying their knowledge they can also enhance their skills, and as this happens in cooperation with social partners, this reform can be seen as belonging to the group of Social Investment Policies. Additionally, a new programme was created which helps workers with disabilities to gain new qualifications, which means support them in investing in their own capital, and thus get easier access to the labour market and become employed. Consequently this is also of a Social Investment Nature. Moreover, the training provisions are improved through the revision of the INOV programmes introduced in the year 2008 (Commission, 2013; GovernmentPortugal, 2008a). The sixth Social Investment Policy Reform in the year 2009 deals with the access to vocational training and hence with investing human capital and therefore can be categorised as social investment policy reform. More precisely, it rules that the right for in-work-training starts after three months of having a job, that means that workers who have a temporary contract for less than three month are not entitled to in-work training. The next social investment provisions manages the distribution of the 35 hours of training that have to be assured to a worker per year. Thus, it is stated that the excess hours that were not used in one year can also be given in a period of two years. As it again deals with training provisions it can be classified as social investment. With the next reform the so-called 'Employment-Qualification Programme (PQE)' is introduced. This programme provides for training in companies in times of reduced work, in order to keep the level of employment and to help the company to suit to the rising challenges resulting from the international level (Commission, 2013; GovernmentPortugal, 2010). This is of a social investment nature, as it provides in-work training and thus tries to prevent people from becoming unemployed. The last social investment policy reform introduced in the year 2009 in Portugal deals with the financial support of low income families in terms of education. Thus, students in basic, secondary, upper-secondary and higher education are financially supported in buying school books, they may get scholarships and school passes. On the one hand, one could argue that this belongs to the group of non-classifiable reforms, as it neither deals with investment in human capital, nor with measures

that tries to mitigate problems which arose out of unemployment. On the other hand, it is argued that this eases the access of low-income children and young adults to education, thus their can enhance their skills and invest in their own human capital. Consequently, it can be categorised as a social investment provision (Commission, 2013).

Coming to the six workfare provisions of the year 2009, the first one deals with the incorporation of unemployed workers and beneficiaries of social insertion income into non-profit institutions. As a benefit, the recipient of unemployment benefit will get an extra of 20% of monthly payment of unemployment benefits, as well as food allowance and transport. This can be seen as an action to work for benefits, as well as a mandatory labour market programme and work requirement and therefore this reform can be categorised as a Workfare Policy. The next reform, regulates that if an unemployed worker returns to the labour market in less than 6 month s/he will maintain the same relevance in terms of the modulation of the duration of unemployment benefits as it was before this short-term of unemployment. As this deals with the adaption of benefit duration it can be seen as workfare policy reform. The third reform can be seen as workfare as it regulates the eligibility criteria to the so-called Unemployment Social Benefit. This is a benefit for people who are, out of different reasons, not entitled to unemployment benefits. Unemployed persons with a family income below €461 were entitled to receive this benefit. The following reform links to the previous one, as it extends the period of allocation of Unemployment Social Benefits for a time period of half a year. The next reform categorised as Workfare Policy deals with the so-called 'Programme to Support Entrepreneurship and Self-Employment. It supports the recipients of unemployment benefits in becoming self-employed with small companies. As they are subsidised for doing so, this can be seen as a measure to get to work in order to receive additional benefits and can therefore be said to belong to the group of Workfare Policies. Finally, the last workfare policy reform for the year 2009 deals with the tightening of unemployment benefit duration and thus can be considered as belonging to the mentioned family of policy strategy. Namely, the unemployment spells for long-term unemployed are reduced to nine month(Commission, 2013).

Coming to the reforms in the analysed areas which could neither be classified as Social Investment, nor as workfare policies, the first one deals with the support of unemployed workers to get access to work by paying an employer, who hires certain groups of people, 2000€. This cannot be classified as it belongs to the group of reform which grant employers subsidies in case they hire persons belonging to groups that are difficult to place on the labour market. Secondly, a new definition of working student is set up. This does not deal with fighting unemployment and therefore does not fit in any of the analysed categories. Then there is a measure which raises family support in lower income groups. This again does not deals with unemployment, but rather with family related benefits and does therefore neither fit with the Social Investment Policies, nor with the Workfare Policies (Commission, 2013).

The following non-classifiable reform deals with the revision of the already mentioned National Qualifications Catalogue, which now also is to promote the organisation of dual certifications (Commission, 2013; GovernmentPortugal, 2008a). This also does neither actively invest in human capital nor tries to solve the problems caused by unemployment and therefore cannot be categorised as either Social Investment or Workfare Policy. Finally, the last reform deals also with the National Qualifications Framework and can for the same reasons as the previous ones not be categorised as belonging to any of the policy strategies discussed in this paper.

All in all, one can say that, when issuing policy reforms in the analysed fields of poverty of this study, the focus of the Portuguese government lay a little bit more on issuing Social Investment Policy Reforms than on Workfare Policy Reforms.

## 2010

Finally, in 2010 the Portuguese government issued 14 different reforms in the analysed fields of policy. Five of these reforms were of a Social Investment Nature, four belong to the group of workfare policies and five cannot be categorised as either being a Social Investment or a Workfare Reform (Commission, 2013).

Regarding the five issued Social Investment Reforms, the first of them deals with a regulation that should give workers with less than an upper-secondary education, who are registered as unemployed, new opportunities to undergo a process in order to enhance their skills and be certified these skills of further education and training, in the case they do not attend training or if their job profile is inadequate in order to get suitable job offers. This can be seen as a vocational training provision which improves their qualification and consequently enhances human capital and is therefore categorised as a Social Investment reform. The next reform is to boost the INOV programme, which was already introduced a few years before. Thus, it can, same as the earlier reforms concerning the INOV programmes, be seen as belonging to the group of Social Investment Policy Reforms (Commission, 2013).

The third reform was categorised as belonging to the group of Social Investment Policies, as it enhances individual's human capital and gives them better chances to enter the labour market. More precisely, it deals with establishing an internship programme especially geared to the needs of young people attending professional and technological courses. Moreover, they can apply the knowledge acquired during the training and thus get used to working life. This also supports the employment of the people that finished these internships. The next reform reviews the already introduced Professional Traineeship Programme. Hence, the programme now also applies to young people at upper-secondary level or higher who hold a professional qualification. Moreover the length of these programmes is reduced. As it again deals with training provisions it can be categorised as Social Investment Policy. The last Social Investment Policy Reform can be counted to this particular Policy Strategy, as it implies enhancements in education and training. More precisely, it introduces a programme that promotes professional training especially developed for young workers employed in the public administrations sector (Commission, 2013).

Coming to the Workfare Policy Reforms in the year 2010, four of the issued reforms can be categorised as belonging to this Policy Strategy. First of all, there is a reform which gives the possibility to combine partial unemployment benefits with income out of a part-time job, as this would facilitate the transition from unemployment to work. As this, to some extent, enhances the conditions under which one is entitled to unemployment benefits it can be counted as belonging to the Workfare Policies. The next reform deals with the cutting of net replacement rates. Hence this reform deals with the amount of unemployment benefit an unemployment worker is entitled to and can be classified as Workfare Policy. The third reform states that in the first year of unemployment people must accept a job in the case that its gross wage is 10% higher than the amount of the unemployment benefit, after one year a job must be accepted if the gross wages equals the amount of the unemployment benefit. This reform can be seen as forcing the unemployed to accept any kind of job. Consequently, it can be categorised as Workfare Policy Reform (Commission, 2013). The last Workfare Reforms increases the number of persons who may be covered by the so-called

'employment inclusion contracts'. These contracts are for unemployed people who get subsidised in the case they take part in an occupational programme. This can also be seen as if the unemployed have to engage in any kind of job in order to be entitled to extra benefits. Consequently, this reform does not investment in people's human capital and thus wants to prevent unemployment, but only tries to compensate for the damages caused by already existing unemployment. Hence, it is categorised as belonging to the group of workfare policies (Commission, 2013).

Coming to the reforms which could not be categorised as belonging either to the Social Investment or to the Workfare Policies, one deals with the payment of money to employers if they hire long-term unemployed, another one with the same amount of benefit in the case of hiring young people who just finished a professional training. As these reform neither fulfil the requirements for Social Investment Policies nor the ones for Workfare Policies, but deal with the subsidising of employers in case they hire people that are difficult to place on the labour market, this reform does not fit into one of the two categories. The promotion of open-ended employment contracts is dealt with in the following reform. This neither invests in human capital or deals with education, nor does it mitigate the already occurred problems of unemployment and therefore it cannot be categorised as belonging to one of the two mentioned strategies. For the same reason the next reform, which formed the Individual Competences Handbook, does not fit into one of the two categories. Finally, the last reforms regulated that if a company hires an unemployed worker, they first have to report this to the social security before signing a contract. This also does not deal with education not mitigating the problems of unemployment and thus does not belong to one of the two policy strategies.

All in all, one can say that in the year 2010 the focus of the government lay slightly more on Social Investment Policies when it comes to reforms in the analysed areas of labour market policies (Commission, 2013).

To sum it up, one can clearly observe that in the time span between 2008 and 2010 more Social Investment Reforms than Workfare Policy Reforms were introduced in the analysed fields of labour market policy.

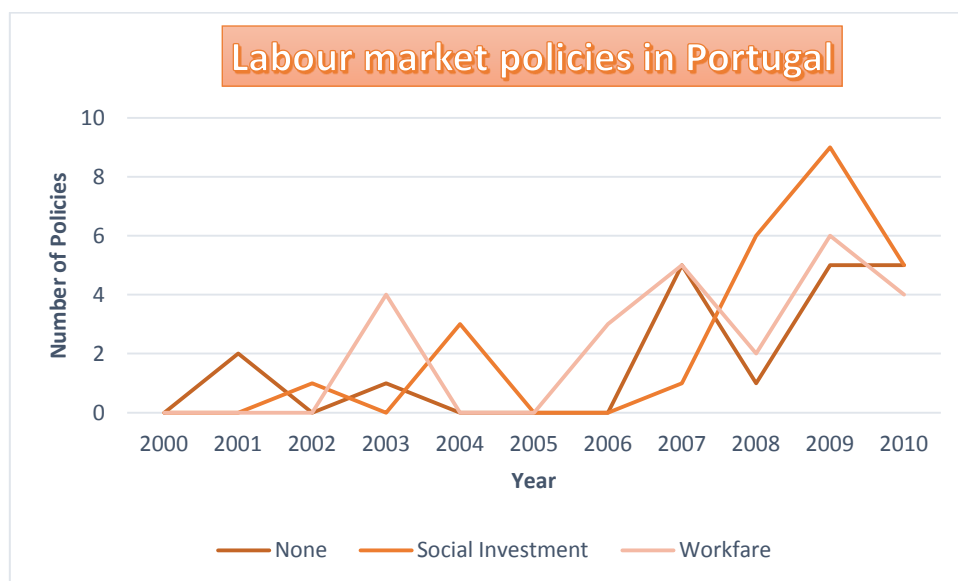


Figure 5: Development of the labour market policies and reforms in Portugal

Year	Social Investment	Workfare	None	Total
2000	0	0	0	0
2001	0	0	2	2
2002	1	0	0	1
2003	0	4	1	5
2004	3	0	0	3
2005	0	0	0	0
2006	0	3	0	3
2007	1	5	5	11
2008	6	2	1	9
2009	9	6	5	20
2010	5	4	5	13
Total	24	25	18	67

*Table 4: Labour Market Policies in Portugal (2000-2010)*

#### 4.3 Conclusion

To answer the first sub-research questions for the case of Spain, it is to say that before the beginning of the world economic crisis in 2008 they did not rely on any specific policy strategy. In five of the years, namely 2001, 2002, 2003, 2005 and 2006 the number of Workfare Policies exceeded, however in most cases only slightly, the number of Social Investment Policies. In the remaining three years, 2004, 2004 and 2007, it was reversed and the number of Social Investment Policies issued was higher than the number of issued Workfare Policies. All in all, in this time span the Spanish government issued 18 Social Investment policy reforms, of which many dealt with the integration of people with disabilities into the labour market, 19 Workfare policy reforms, which mainly addressed the topics unemployment benefits and Direct Job Creation Schemes, and 16 reforms which did not fit into either of these two categories. Consequently, one can say that they did not rely on any specific policy strategy in the time between the years 2000 and 2007.

Regarding the time after the beginning of the economic crisis in 2008 until the year 2010, one can say that the situation slightly changed and that the focus of the Spanish government seems to lie on Workfare Policies when it comes to fighting youth unemployment. In two years, namely 2009 and 2010 the Workfare Policies prevailed, while only in 2008 more Social Investment than Workfare Policies were issued. Moreover, when taking a closer look at the overall numbers, it is to mention that after the beginning of the economic crisis, the Spanish government issued only one Social Investment Policy Reform, but three reforms belonging to the group of workfare policies.

Consequently, one cannot say that after the crisis Spain relied more on the Workfare Policies than on the Social Investment Strategy in order to solve the problem of youth unemployment, as this outcome does not seem to be significant, as after the crisis only a few reforms were introduced that are not that reliable in confirming this result. This is also a fact that seems to be quite outstanding. Before the crisis the Spanish government issued quite a lot reforms in the analysed fields of labour market policies. In the eight years between 2000 and 2007 they introduced 53 reforms, which equals an average of 6,625 reforms per year. However, after the beginning of the crisis the drastically reduced the number of issued reforms. In the time span between 2008 and 2010 the Spanish

government only issued 11 new policies in the analysed fields of labour market policies, which means an average of 3,67 new policies per year. Comparing the numbers, it means that after the beginning of the crisis the average number of issued labour market policies per year decreased by nearly three reforms per year.

To sum it up, one can say that Spain did not change its policy strategy after the beginning of the crisis, as in both time spans, before and after the crisis, they based their fight against unemployment on a mix of both strategies, or actually reduced it to a minimum after the beginning of the economic crisis in 2008.

Coming back to the set up hypothesis, one can say that it is confirmed by the case of Spain. The Spanish government stuck to their path in fighting youth unemployment. They did not especially rely on one policy strategy before the beginning of the economic crisis in 2008 and one cannot say that they did this after the crisis, as result is not significant due to a small number of policy reforms introduced from 2008 until 2010.

Coming to these case of Portugal, it is to say that in contrast to Spain they well focused on a specific policy strategy before the crisis in order to fight the problem of youth unemployment.

One can observe that before the economic crisis they rather relied on Workfare Policies than on the Social Investment strategy. Thus, in the three years 2003, 2006 and 2007, the number of introduced policies which were of a Workfare nature exceeded the number of Social Investment Policies by far. In the years 2002 and 2004, the number of issued Workfare Policies was only slightly exceeded by the number of Social Investment Policies. The same pattern can be observed when taking a closer look at the overall numbers. In the time from 2000 until 2007, the Portuguese government issued only five reforms that belonged to the Social Investment Strategy, but 12 reforms that could be classified as Workfare Policy, which mainly dealt with the topics of unemployment benefits and social assistance. To answer the first sub-research question for the case of Portugal, one can definitely say that before the beginning of the economic crisis in 2008 the Portuguese government more focused on the Workfare Policy Strategy than on issuing Social Investment Policies, when it comes to fighting youth unemployment. Thus, one can also say that before the economic crisis Portugal also confirmed the theory that Southern European Welfare States tend to stick to rather passive and redistributive policies.

However, this pattern changed with the beginning of the economic crisis in 2008. Namely, it is to say that after the beginning of the crisis the focus in fighting unemployment rather lay on the Social Investment Strategy. In all three years, 2008, 2009 and 2010, the number of issued Social Investment Reforms exceeded the number of Workfare Policies Reforms introduced. Taking a closer look at the overall numbers of issued policies in these years, this observation is confirmed. While issuing 20 reforms that belong to the Social Investment Strategy in the years 2008 till 2010, only 12 policies of a Workfare nature were introduced. Hence, one can say that after the beginning of the financial crisis the Portuguese government rather relied on Social Investment Policies when it comes to combating youth unemployment. Moreover, when comparing the total number of issued reforms before and after the beginning of the economic crisis in 2008 one can see a totally different pattern as in Spain. Whereas in Spain the government drastically reduced the number of issued policy reforms after the beginning of the economic crisis, the Portuguese government increased it. Thus, in the time from 2000 till 2007 the Portuguese government issued a total of 25 labour market reforms in the analysed policy areas, which means an average of 3,125 reforms per year. In contrast to that in the time after the beginning of the economic crisis in 2008 until 2010, they introduced 42 new policies, which equals an average of 14 reforms per year in 2008, 2009 and 2010. All in all, one can say that Portugal

changed its policy strategy quite a lot after the beginning of the economic crisis, namely from a strategy rather focused on Workfare Policies, to a more Social Investment Policies based strategy. Referring back to the set up hypothesis, one can say that it has to be rejected for the case of Portugal. The government switched from a policy strategy which was rather based on Workfare Policies before the world economic crisis in 2008, to a Social Investment Policy Strategy after the beginning of the economic crisis in 2008. Thus, it cannot be seen as partially introducing major policy reforms, but changing the policy strategy in the fight against unemployment from one year to the other.

To answer the overall research question "*To what extent did the governments of Spain and Portugal change their policy strategies regarding youth unemployment with the beginning of the world economic crisis in 2008?*", it is to say that Spain on the one hand stuck to its pre-existing path of policy strategy, which means that they did not rely on a specific one, whereas Portugal changed its policy strategy regarding youth unemployment from a rather Workfare Policy based one, to a strategy more focused on Social Investment Policies. However, as already mentioned the study is limited in so far as the possibility to weigh the different analysed reforms according to their importance was not given. Moreover, it is to say that it was sometimes difficult to categorise the different reforms, as they, seen from different points of view, often fitted into more than one of the categories.

As already mentioned, this study shows, that although these countries are similar in their basic structures and their problems with (youth) unemployment, they can show differences on particular issues, like the policy strategy applied in order to fight youth unemployment. Reasons for the differences in policy strategies could be factors that were already mentioned earlier. On the one hand, the small differences in the labour market structure discussed, for example the dual labour market system and the associated bad chances for labour market newcomers in Spain or the less generous granting of unemployment benefits in Portugal. Thus, they maybe need different policy strategies to fight the problem of youth unemployment. Moreover, the educational system, which could also have an effect on the labour market structure, could also be a reason why the countries relied on different strategies when combating the problem of youth unemployment, as people may be educated differently and thus in one country the need for further education and research is more urgent than in another country. Thus a question for further research would be, in how far the educational systems affected the need and the system of vocational training in the two countries. Moreover, as already mentioned in the introduction, the OMC had the effect that there was no consistent approach for implementing the Social Investment Strategy, but every country had the possibility to decide on their own in how far and in what way they wanted to implement this strategy.

## Appendix

Year	Spain	Portugal
1990	30,5%	10,7%
1991	29,1%	9,4%
1992	32,2%	10,0%
1993	40,7%	12,6%
1994	42,6%	14,7%
1995	39,6%	16,1%

1996	38,2%	16,5%
1997	34,9%	14,8%
1998	31,4%	12,7%
1999	26,1%	10,8%
2000	22,9%	10,5%
2001	21,0%	11,5%
2002	22,2%	14,3%
2003	22,6%	17,8%
2004	22,0%	18,9%
2005	19,7%	19,8%
2006	17,9%	20,1%
2007	18,2%	20,4%
2008	24,6%	20,2%
2009	37,0%	24,8%
2010	41,6%	27,7%
2011	46,4%	30,1%
2012	53,2%	37,7%

*Appendix 1: Youth unemployment rates in Spain and Portugal 1990-2012; source: (EUROSTAT, 2013c)*

Year	Spain	Portugal
1995	€ 161	€ 120
1996	€ 164	€ 124
1997	€ 170	€ 129
1998	€ 177	€ 135
1999	€ 185	€ 140
2000	€ 192	€ 145
2001	€ 197	€ 147
2002	€ 200	€ 147
2003	€ 202	€ 144
2004	€ 206	€ 146
2005	€ 210	€ 146
2006	€ 215	€ 148
2007	€ 218	€ 151
2008	€ 217	€ 151
2009	€ 207	€ 146
2010	€ 206	€ 149
2011	€ 206	€ 147
2012	€ 203	€ 142

*Appendix 2: GDP per capita in Spain and Portugal 1995- 2012 (in 100€); source:(EUROSTAT, 2013b)*

Year	Spain	Portugal
1995	4,8%	n/a
1996	2,3%	3,4%
1997	3,6%	4,1%
1998	4,1%	4,7%
1999	4,2%	3,6%
2000	4,2%	3,4%



2001	2,5%	1,3%
2002	1,2%	0,0%
2003	1,4%	-1,6%
2004	1,6%	1,0%
2005	1,9%	0,3%
2006	2,5%	1,1%
2007	1,6%	2,1%
2008	-0,7%	-0,1%
2009	-4,4%	-3,0%
2010	-0,6%	1,9%
2011	0,3%	-1,7%
2012	-1,5%	-2,8%

*Appendix 3: GDP growth rate in Spain and Portugal 1995-2012; source: (EUROSTAT, 2013b)*

Policy Strategy	Policy Domain	Policy Field	General Description
<b>2000</b>			
<b>1</b>	Active Labour Market Policies	Special Schemes for the Disabled	1) Subsidies for companies hiring disabled workers (either full-time or part-time basis) on permanent contracts or converting fixed-term contracts with disabled workers to permanent; 2) Subsidies for special employment centres engaging in projects that create employment for disabled workers; and also for having disabled workers employed.
<b>1</b>	Active Labour Market Policies	Public Employment Services (Job Assistance, Job Counselling, etc.)	The management of ALMPs will be structured to give preference to the disabled in employment and training programmes by gearing the facilities and the teaching staff to the special needs of disabled people. Special staff to be hired to adapt the services.
<b>1</b>	Active Labour Market Policies	Special Schemes for the disabled	Regulation of lternative measures to the requirement - for companies with more than 50 workers - to make up at least 2% of their workforce with disabled people. Companies that do not comply with this requirement for specified exceptional reasons (among others, the non-availability of disabled workers), will have to make contributions to organizations that provide employment and training for disabled people, or source goods or services to special employment services. These will use the funds to promote effective job opportunities for the disabled
<b>1</b>	Active Labour Market Policies	Training	Renewal of the institutional framework of vocational training for employed people, funded by the employers' and employees' contributions, the ESF and the budget of the INE. Main lines for action: a) assistance to

			companies of all kinds, including cooperatives, and all workers, both employees and self-employed; b) greater flexibility and transparency in the award of financial aid for training, and including central government in the management of training; c) insistence that the training of job-seekers should be adapted to the needs of companies, while at the same time maintaining training of workers on other skills; d) special consideration of the European Employment Strategy.
2	Other welfare-related benefits	In-work benefits (employment conditional benefit or tax credit)	Regulating the active integration income scheme, for the year 2000. The scheme is targeted to unemployed workers with special economic needs and difficulties in finding a job. It provides an income and requires participation in actions aimed at increasing employability
2	Active Labour Market Policies	Public Employment Services (Job Assistance, Job Counselling, etc.)	Combining income support with job-seeking activities for the long-term unemployed over 45 years age. The programme combines two elements: first, the signing of a "commitment to work", linked to a job-seeking schedule with personal counselling and an introduction to programmes of employment training; and secondly, an income as complementary financial assistance for taking part in the measures described. It targets 90,000 long-term older unemployed job-seekers over 45 years of age with family responsibilities who are not longer entitled to unemployment benefits.
2	Other welfare-related benefits	In-work benefits (employment conditional benefit or tax credit)	Subsidies for unemployed disabled workers to become self-employed: favourable credit treatment and lump-sum benefit for investment in capital
0	Active Labour Market Policies	Public Employment Services (Job Assistance, Job Counselling, etc.)	Modernization of the PES. Setting up of the SISPE, a system that will establish common criteria for the management of employment intermediation, and computer integration data in real time between the different PES involved. The project should advance in partnership with the autonomous governments and go into service in 2001. Widespread use of new technologies by PES (new service for companies to submit job offers directly and "bulletin board" with job offers and candidate profiles which users can

			access from their own PCs).
<b>2001</b>			
<b>1</b>	Active Labour Market Policies	Training	Creation of the Tripartite Foundation for Training in Employment, to manage the training initiatives laid down in the social partners' third National Agreement on Continuing Training of December 2000, which include continuing training plans and individual training leave
<b>2</b>	Active Labour Market Policies	Direct Job Creation Schemes	A new temporary contract is created ('contrato de inserción') for the recruitment of the unemployed by public administrations or non-profit organizations to carry out work and services of social and general interest.
<b>2</b>	Other welfare-related benefits	Social Assistance (housing, means-tested benefit)	Regulating for 2001 the active integration income scheme. The scheme is regulated on an annual basis. It is targeted to unemployed workers with special economic needs and difficulties in finding a job. It provides an income and requires participation in actions aimed at increasing employability.
<b>2002</b>			
<b>1</b>	Active Labour Market Policies	Training	Development of a modular system of vocational training and academic and career guidance, responsive to changes in occupational skills needs. Training and vocational guidance will be organised using feedback from the authorities and social agents involved and establishing guidelines for the National System of Qualifications. The objectives pursued are: 1) to promote and develop the integration of vocational training packages, as well as the evaluation and validation of the corresponding professional skills; 2) to adapt the training offer to socio-economic realities; 3) closer feedback between vocational training and the labour market; 4) ensuring that the skills needed in the production system are the same as those offered by training programmes.
<b>1</b>	Active Labour Market Policies	Special Schemes for the disabled	Deductions for permanent hiring of disabled workers are raised
<b>2</b>	Unemployment Benefits	Coverage and Eligibility Conditions	Extending unemployment insurance coverage to some groups working in cooperatives
<b>2</b>	Other welfare-related benefits	In-work benefits (employment conditional benefit or tax	Generalising to all persons over the age of 45 who have been unemployed for a month the existing 'active integration income scheme', which offers support to unemployed people in becoming integrated into the labour

		credit)	market. The scheme will be also applicable to people with disabilities, returning emigrants and women who have been victims of domestic violence. The employer must pay the unemployment insurance contributions of workers employed under the scheme
2	Other welfare-related benefits	In-work benefits (employment conditional benefit or tax credit)	Introducing the compatibility between unemployment benefits and salaried work for workers aged over 52 and for those unemployed that are hired to temporarily substitute workers in training courses. It will be possible to cumulate a percentage of the unemployment subsidy with salaried work for a limited period of time.
0	Active Labour Market Policies	Direct Job Creation Schemes	Workers who are dismissed may receive their unemployment benefit entitlement in a lump sum if they join a cooperative or 'workers limited company', or become self-employed. They must use the lump sum for the business, or may receive it as a quarterly subsidy to their social security contributions.
0	Active Labour Market Policies	Public Employment Services (job assistance, job-counselling, etc.)	1) Ending the monopoly of INEM in labour market mediation; 2) Transferring active labour market policies and mediation to regional governments.
0	Other welfare-related benefits	In-work benefits (employment conditional benefit or tax credit)	Introduction of a deduction for women with children below the age of three engaging in salaried work or self-employed work, The maximum annual amount is set at €1200 per child.
0	Other welfare-related benefits	Social assistance (housing, means-tested benefits)	Giving more home-purchase help to lower-income groups, particularly young people, by directly subsidising down payments and loans, while earmarking large resources for the development of subsidised homes for rent, to housing refurbishment programmes and to land interventions
2003			
1	Active Labour Market Policies	Training	Reform of continuing training, in order to: streamline the system, reduce the bureaucracy involved, clarify the competences of the central state and regions and introduce a flexible funding system in which companies take most of the initiative. The new model establishes reductions in social security contributions for companies which train their employees and gives SMEs

			special treatment (the smaller the company the greater the reductions). Companies will be able to deliver training themselves or through the employers' organisations, trade unions or specialist training bodies
2	Other welfare-related benefits	In-work benefits (employment conditional benefit or tax credit)	Regulating for 2003 the "renta activa de inserción" (active integration income scheme) for unemployed presenting special economic problems and difficulties to find a job. This scheme is approved on an annual basis and is targeted to unemployed with special economic needs and difficulties in finding a job. It provides an income and requires participation in actions aimed at increasing employability
2	Unemployment Benefits	Search and Job Availability Requirements	Empowering the State Employment Agency to penalize unemployment benefit recipients (including suspension or withdrawal). This includes penalties (i.e. denying payment of unemployment benefit) for rejecting suitable job offers or refusing to participate in an active employment policy. Prior to this reform, such powers were allocated to the autonomous regional employment agencies
0	Other welfare-related benefits	In-work benefits (employment conditional benefit or tax credit)	Extension of the situations under which workers who are dismissed receive their whole unemployment benefit entitlement in a lump sum (measure introduced in 2002) to the case where they join a cooperative or 'workers' limited company' with which non contractual relationship has existed longer than 12 months, or become self-employed and have 33% of disability
0	Active Labour Market Policies	Public Employment Services (job-assistance, job-counselling, etc.)	Reforming the PES, so as to provide more efficient employment services and reach full employment, by: defining the set of structures and measures that integrate the National Employment System, so as to achieve better coordination between Central and Regional Employment Services, making labour market mediation a basic employment instrument and introducing personalized and preventive ALMPs. The national and regional PES will organise individualised programmes of integration into employment in collaboration with the job-seekers concerned. Unemployed people will have to be permanently registered with the PES, and 'full available' to accept a suitable job offer. Also, registered claimants of unemployment benefit will have take part in the active

			employment measures established in their integration programme.
0	Active Labour Market Policies	Public Employment Services (job-assistance, job-counselling, etc.)	Raising minimum pensions as well as non-contributory pensions in order to compensate for inflation deviation and additionally 2%; the lowest minimum pensions have been increased between 4,8% and 11,4%.
2004			
1	Active Labour Market Policies	Special Schemes for the Disabled	1) Simplification of the requirements and procedures for newly-created companies to obtain the subsidies and allowances for hires of people with disabilities; 2) State aid to adapt work stations will be made available for temporary positions as well as permanent positions
1	Active Labour Market Policies	Special Schemes for the disabled	Regulation of protected workplaces as a means of promoting opportunities for the occupational disabled and framework for regulating sheltered work (empleo con apoyo) as a form of employment for disabled people with special difficulties. The system of personal and social care in special employment centres will be modernised and companies' compliance with the quota for disabled workers in their workplace will be monitored. Aid is available to ordinary companies which hire those workers. For some companies, sheltered work also constitutes an alternative to compliance with the legally required quota of two per cent of workers with disabilities
1	Active Labour Market Policies	Training	Priority access to training given to workers with special difficulties in accessing the labour market, including unskilled workers
2005			
2	Other welfare-related benefits	In-work benefits (employment conditional benefit or tax credit)	Regulating for 2005 the active integration income scheme. This scheme is approved on an annual basis and is targeted to unemployed with special economic needs and difficulties in finding a job. It provides an income and requires participation in actions aimed at increasing employability. Regulation for 2005 increases the length of the programme and introduces an additional financial incentive to promote job acceptance
2	Other welfare-related benefits	In-work benefits (employment conditional	The maximum income that an individual is allowed to perceive in order to be entitled to benefit from the unemployment welfare benefit is raised. Thus, the number of

		benefit or tax credit)	potential beneficiaries increases. This is due to the fact that Royal Decree 1613/2005 increases the minimum wage that is used to calculate the referred maximum income.
0	Active Labour Market Policies	Direct Job Creation Schemes	Subsidies for the unemployed that make an investment to become self-employed are increased, especially those aimed at the collectives with the highest difficulties of insertion in the labour market, from EUR 3,000 to 5,000.
0	Active Labour Market Policies	Direct Job Creation Schemes	Reinforcement of initiatives that allow unemployed persons setting up as self-employed or as partners in a co-operative of worker-owned company to receive part of their benefit entitlement as a lump sum. In particular, the percentage of the unemployment benefit amount that an unemployed can receive in order to fund investment expenses to become self-employed is raised from 20% to 40%
0	Active Labour Market Policies	Public Employment Services (job-assistance, job-counselling, etc.)	Decentralising public intervention at regional level in Catalonia and providing the PES with sufficient funding to offer personalised attention to labour supply and demand. Special attention to be paid to the redeployment of people who lose their jobs due to the closure or relocation of companies
0	Active Labour Market Policies	Public Employment Services (job-assistance, job-counselling, etc.)	Setting-up of a new information exchange system among PES, to build information channels between regional offices and avoid labour market fragmentation resulting from the decentralisation of the public employment service at regional level.
0	Other welfare-related benefits	Social Assistance (housing, means-tested benefits)	Redirecting public resources to the promotion of the rental market, giving a special treatment to people with greater difficulties and introducing a specific programme for young people
2006			
1	Active Labour Market Policies	Special Schemes for Youth	Joint action by the Spanish National Youth Institute (Injuve) and the Confederation of Spanish Associations of Young Businessmen (AJE) to help young people to run their own business and become self-employed through the design and implementation of a programme called Business Seedbed (Semillero de Empresas). The programme's main activities include counselling, providing information on training and subsidies, the creation of a bank of ideas and advice from

			experts in business topics.
1	Active Labour Market Policies	Special schemes for the disabled	Regulation of units of professionals in special employment centres, aimed at promoting the integration of people with disabilities in those centres as well as in the ordinary labour market. Granting allowances to finance the labour costs of those professionals.
1	Active Labour Market Policies	Training	Specific occupational training measures for companies of the textile sector that subscribe plans aimed at introducing new production procedures or technology, or at promoting functional mobility in case of implementation of redundancy plans.
1	Active Labour Market Policies	Training	1) Laying down the basis for merging the systems of occupational training (currently aimed at unemployed people) and continuous training (aimed at active workers); 2) Creating mechanisms for linking training for employment to the National Professional Qualifications System, in order to provide accreditation for the skills acquired in both formal and informal training. All workers will be entitled to receive a Skills and Qualifications Certificate and individualised monitoring of their professional career; 3) Active workers will be able to undergo specific training in any sector, whereas previously they could only receive training related to the sector in which they were working or training that would be generally applicable; 4) Integrating the careers guidance and training services, with the aim of reducing the number of people dropping out of vocational training; 5) Extending the possibilities of applying for individual training leave.
2	Other welfare-related benefits	In-work benefits (employment conditional benefit or tax credit)	Establishing on a permanent basis the active integration income scheme (it was previously regulated on an annual basis); access to this scheme becomes a subjective right for those who fulfil the requirements (it was previously conditioned to the existence of budget resources). Social security contributions will be paid by the Public Employment Service on behalf of the beneficiaries. The scheme is targeted to unemployed workers with special economic needs and difficulties in finding a job. It provides an income and requires participation in actions aimed at increasing employability
2	Other welfare-	In-work	Extending to 2006 the active integration



	related benefits	benefits (employment conditional benefit or tax credit)	income scheme. The scheme is targeted at unemployed workers with special economic needs and difficulties in finding a job. It provides an income and requires participation in actions aimed at increasing employability
2	Unemployment benefits	Coverage and Eligibility Conditions	Extending the contributory unemployment benefit to the following groups: unemployed over 45 years without dependents who have exhausted a contributory benefit of less than 12 months' duration; temporary hiring by co-operatives; workers with specific permanent contracts for cyclical activity during periods of inactivity. Temporary workers are now included among the beneficiaries of the Wages Guarantee Fund (Fondo de Garantía Salarial).
2	Unemployment benefits	Coverage and Eligibility Conditions	Unemployment benefits are extended to the following groups: elected local authorities; high-ranking government members (non officials) and high-ranking trade union members.
2	Unemployment benefits	Duration of unemployment benefits	Increasing the duration of the nationwide contributory unemployment benefit for temporary workers in the agricultural sector
2	Unemployment benefits	Search and Job Availability Requirements	Access to the specific regional unemployment benefit for temporary workers in the agricultural sector is eased: the existing limit to the number of times that each worker can benefit from the scheme is eliminated
0	Active Labour Market Policies	Direct Job Creation Schemes	Workers aged 52, affected by layoffs in the textile sector and benefiting from the unemployment subsidy, are allowed to perceive 50% of the subsidy if they become employed. The company has to complete the salary
0	Active Labour Market Policies	Direct Job Creation Schemes	Providing a fixed yearly subsidy (with a maximum duration of three years) for temporary contracts that are converted into permanent contracts before 31 December 2006, and allowing temporary contracts prior to 2008 to be converted into permanent ones
0	Active Labour Market Policies	Public Employment Services (job assistance, job-counselling, etc.)	Modernisation plan for the Public Employment Services aiming at ensuring coordination with regional governments and improving human and technical resources: 1) Developing mediation services as a key instrument for fostering employment policy and enabling workers to become more involved in their job seeking activities. Unemployed will receive, no later than six months after their registration in the public

			employment service, an offer to participate in an insertion action; 2) Reducing incompatibilities between national and regional employment systems, in order to make offers accessible to everyone and, on the other hand, to enable employers to gain access to a larger pool of workers. Although employment will continue to be an exclusive competence of regional governments, the new system will allow for a better coordination of mediation and training policies and of employment services at various levels. This will also allow for the creation of a common database of labour supply and demand; 3) Encouraging greater cooperation between the PES and temporary work agencies
<b>2007</b>			
<b>1</b>	Active Labour Market Policies	Direct job creation schemes	Regulating Insertion Enterprises (i.e. those firms that hire persons at risk of social exclusion, enabling them to access the labour market in equal conditions, after applying adaptability and training measures. The ultimate objective of these companies is to integrate those individuals in ordinary companies). Due to the particular situation of their employees, Insertion Enterprises have to manage the reduced productivity of the workers, the need of a technical assistance staff and the training of the workers. Having to face substantial additional costs compared with mainstream companies due to their social dimension, they need aid from public administration, to survive in the market and therefore to achieve their social mission. Insertion companies must be promoted and owned by not-for-profit institutions and must use at least 80% of earnings to improve their production and insertion structures. These companies and workers may use job creation fixed-term contracts. They may also arrange permanent or ordinary fixed-term contracts in the forms allowed under labour legislation. Insertion companies will participate in existing job-creation policies for the social insertion of persons who are excluded from society and will qualify for social security rebates for hires
<b>1</b>	Active Labour Market Policies	Special Schemes for the disabled	Regulation of measures aimed at promoting the insertion in the labour market of severely disabled workers through individualized

			support by professionals. Introducing subsidies for the hiring of those professionals by companies.
1	Active Labour Market Policies	Training	Integrating vocational training for unemployed and lifelong learning for employed workers, for a more efficient use of financial resources. Small and medium size firms will receive special support by means of a credit scheme to finance training courses for their employees.
2	Unemployment Benefits	Net replacement rate	Increasing the amount of the non contributory unemployment subsidy for those who had a part-time job up to the level of those that had a full-time job (the amount is no longer reduced in proportion to the working time)
2008			
1	Active Labour Market Policies	Training	I) Extending the network of Integrated Vocational Training Centres; II) Creation of a network of 25 National Vocational Training Reference Centres, to be regulated by Law 229/2008 of 15 February 2008. These centres will be opened in all autonomous communities and will be responsible for programming and implementation of innovative and experimental training activities in the framework of the National List of Professional Qualifications. This network will be coordinated by the general state administration, with the collaboration of autonomous communities and most representative trade unions and employer organisations, through the General Vocational Training Council, a tripartite governmental advisory body; III) Establishment of a system to assess and accredit the professional skills acquired through work experience or informal training. Candidates who have their skills accredited will be given individual advice on the stages that they need to undergo in order to complete their training itinerary and obtain a qualification. If they fail to accredit their experience, they will be advised on the training possibilities for future rounds; IV) Setting an On-Line Platform for training modules at distance (35 training modules will be available in the school year 2009-2010); V) Simplifying the ways of access and promotion between initial qualification programmes and the vocational training of secondary degree,

			thus easing life-long learning; VI) making more flexible the access to middle-level training courses by accrediting work experience in combination with training. A system of public grants will be provided to enable 18–24 year old workers to obtain qualifications while working. Also plans to promote training contracts targeting young people who have dropped out of the education system in particular, in order to allow them to complete their education
0	Active Labour Market Policies	Direct Job Creation Scheme	Fund created with the aim of maintaining employment and creating jobs, by doubling the total average annual investment in public works by Spain's local councils
0	Active Labour Market Policies	Public Employment Services (job assistance, job-counselling, etc.)	Improvement of the PES (Servicio Publico de Empleo). It includes a Plan for Orientation, Vocational Education and Training and Labour Insertion. 1.500 professional advisors hired to this end. Also, aid of 350 euros per month (for 3 month maximum) for unemployed participating in the Plan and upgrading skills, as well as aid for geographical mobility. Its target is to support workers in those sectors under a clear adjustment process so that they can find a new job in other sectors with better business prospects.
0	Unemployment Benefits	Net replacement rate	Unemployed who decide to become self-employed can draw 60% of their unemployment benefit at once (instead of the current 40%).
2009			
2	Unemployment benefits	Coverage and Eligibility Conditions	Establishing at the beginning of 2009 of the General Council for the National Employment System (Public Administration and Social Partners), in order to achieve better coordination.
2	Other welfare-related benefits	Short time working scheme	Changes in the regulation of the Collective Dismissal Procedure in order to facilitate temporary suspensions instead of definitive layoffs. A worker affected by a temporary suspension will not suffer from any loss in his unemployment benefits rights for a maximum period of 120 days, in the event they are later dismissed. Moreover, during the first 240 days of a suspension period, the employer's social security contributions will be cut by 50%
0	Active Labour Market Policies	Public Employment Services (job	New €420 monthly unemployment payment to be granted to people who have lost their unemployment rights since 1 January 2009.

		assistance, job-counselling, etc.)	The new unemployment benefit will last a maximum of 180 days and will be available, in any case, up until 15 February 2010. The payment amount is equal to Spain's current Public Indicator of Multiple Effect Income (IPREM). Entitlement to the benefit will be conditional on the unemployed person taking part in a training programme – this initiative will include measures such as career guidance, attending job interviews, training measures and help with writing their curriculum vitae (CV)
<b>2010</b>			
<b>2</b>	Active Labour Market Policies	Training	Full subsidy for social security contributions in case of training contracts, while also improving the wages and the unemployment benefits upon termination. The requirements that a young worker must comply so as to qualify for an internship contract have been changed to include professional certificates, and the qualifying period has been extended to 5 years following graduation. Age limit for training contracts (contrato para la formacion) is extended to 24 years. A subsidy is provided for converting these contracts into the PEP contract (contract to promote permanent hiring with reduced severance payment).
<b>0</b>	Active Labour Market Policies	Employment Subsidies	Reallocation of tax benefits for the recruitment of individuals at high risk of unemployment. The groups defined following the reform are: 1) unemployed workers between 16 and 31 years of age: tax benefit of €800; 2) unemployed workers over 45 years of age: tax benefit of €1,200; 3) workers subject to training, handover and replacement contracts due to early retirement age: a tax benefit of €500 (€700 for women). These tax benefits will be complemented by other tax benefits aimed at encouraging the use of training contracts, which are generally given to young people.
<b>0</b>	Active Labour Market Policies	Public Employment Services (job assistance, job-counselling, etc.)	Placement agencies defined as public or private organisations, whether profit-making or non-profit-making, which collaborate with the public employment service to carry out labour mediation activities or activities related to job seeking, such as personal guidance and information or recruitment. Profit-making agencies that act as collaborating organisations may claim

			up to 60% of their financing from funds aimed at public employment services. In the case of non-profit-making agencies, this percentage rises to 90%. Placement agencies must fulfil the following obligations: prior authorisation for their activities must be granted by the public employment service; authorisation must be sought in order to extend their sphere of activity; any services provided to workers must be free of cost; equality and non-discrimination principles must be guaranteed in access to employment; the privacy and dignity of confidential information must be respected and protected; an activity subject to authorisation must not be subcontracted to a third party; specific schemes must be drawn up and adopted for the placement of unemployed people who belong to priority groups, as specified in Law 56/2003 of 16 December (young people, women, long-term unemployed persons over the age of 45 years, disabled individuals and immigrants); computer systems must be compatible with and complementary to the public employment service's information system in order to facilitate access to information.
0	Other welfare-related benefits	Short time working scheme	Companies are allowed to temporarily reduce the working day between 10 percent and 70 percent, under circumstances of reduced economic activity. This measure is promoted through rebates on social security payments for employers and through partial unemployment status for workers

Appendix 4: List of Labour Market Policies issued in Spain (2000-2010); source:(Commission, 2013)

Policy Strategy	Policy Domain	Policy Field	General Description
2001			
0	Active Labour Market Policies	Direct Job Creation Schemes	Introduction of the Job Offer Stimulus Programme which establishes non-refundable subsidies for hiring young people looking for their first job, long term unemployed persons aged over 45 and beneficiaries of the RMG (national minimum income). Each subsidy is worth 12 months of minimum pay.
0	Other welfare-related benefits	Family-related benefits	Increasing the tax credit for each dependent child and in the education tax credit. Reduction of tax rates.

2002			
1	Active Labour Market Policies	Special Schemes for the youth	New rules for the employment of early school leavers providing new flexibility in recruitment for companies but obliging them to provide training The new law subjects the signing of the employment contract to the condition of attendance by the young person in question on a training course that confers compulsory schooling credentials and vocational qualifications and establishes a minimum period of working time to be used for training.
2003			
2	Other welfare-related benefits	Social Assistance (housing, means-tested benefits)	Replacing the Minimum Guaranteed Income by the Social Insertion Income. While the basics of functioning remain the same, the benefit is increased for larger households and stronger activation measures are foreseen for the beneficiaries.
2	Unemployment benefits	Net replacement rate	The value of unemployment benefit is kept at the previous value of 65% of the wage received during the 12 months prior to unemployment. An unemployed person may, at the least, receive the equivalent of the national minimum wage (€356,60/month) and, at most, the equivalent of three times the national minimum wage. Unemployed beneficiaries with children and very low income are entitled to receive an increased amount of benefit (equal to the amount of the family benefit that they are entitled to). Increasing the amount of partial unemployment benefit (linked to part-time employment): the amount of the partial unemployment benefit is now equal to the difference between 1,35 x unemployment benefit (previously it was 1,25) and the part-time wage.
2	Unemployment benefits	Search and Job Availability requirements	Unemployed people may refuse an offer of a sufficient job (defined as a job that requires the same qualifications and is of the same type of occupation as the one previously held, and does not prejudice the interests of the unemployed and those of his family) made by a Job Centre (Centro de Emprego) only once.
2	Unemployment benefits	Coverage and Eligibility Conditions	Eligibility conditions for unemployment insurance relaxed: 270 days of contributions in the previous 12 months (previously 540 in the last 2 years).
0	Other welfare-	Sickness	Introducing differentiated benefits according

	related benefits	schemes	to the length of time a worker is absent from work due to sickness.
2004			
1	Active Labour Market Policies	Special schemes for youth	A minor admitted to a job without having completed compulsory school or without a professional qualification shall attend either an education module, or a training cycle or coupled education and training cycles providing together the lacking educational attainments. Such training cycles must last at least 1000 hours and be developed in phases lasting between 200 and 300 hours every quarter. Both the employer and the minor have the right to be compensated respectively for the cost of training and the loss of remuneration.
1	Active Labour Market Policies	Special schemes for the disabled	Measures of conciliation of family and professional life for people with disabilities and those taking care of a relative with disabilities; promotion of self-employment resources, telework, part-time work and at home-work; measures to ensure access to education and inclusive teaching.
1	Active Labour Market Policies	Training	Obligation on the employer to ensure vocational training to workers under fixed-term contracts whenever the duration of the initial contract exceeds six months.
2006			
2	Other welfare-related benefits	Social Assistance (Housing, means-tested benefits)	Regulation concerning the income for Social Inclusion: eligibility criteria take into account household income of the last month (or three months average if variable), instead of 12 months.
2	Unemployment Benefits	Net replacement rate	Abolishing the increased benefit amount previously granted to unemployed beneficiaries with children and very low incomes. A clause now states that the net benefit amount cannot be higher than the net wage previously earned.
2	Unemployment Benefits	Search and Job Availability Requirements	Revision of the juridical regime of the unemployment subsidy.
2007			
1	Active Labour Market Policies	Training	Defining the strategic objectives as well as practical measures, introducing new tools and redesigning the institutional framework of vocational training. Practical measures include the following: 1) creation of a National Catalogue of Qualifications, including occupational profiles and training guidelines; 2) creation of an Individual



			Competences Notebook registering all the competences acquired over the life course; 3) reform of the system of national certification through establishing a National System of Qualifications and a system regulating access to occupations; 4) creation of the 'vocational training cheque', a public tool for the direct funding of individual training needs, aimed at ensuring the right to individual vocational training; 5) rendering effective the individual right to annual minimum hours of vocational training; 6) upgrading management skills, providing training adapted to their particular needs; 7) promoting training on social dialogue, in order to strengthen collective bargaining.
2	Unemployment benefits	Coverage and Eligibility Criteria	1) Defining more accurately non-voluntary unemployment, in order to determine the right of an individual to unemployment benefit. Unemployment is non-voluntary when the employer terminates the employment contract. Exceptions: a dismissal based on 'fair reason' (justa causa) invoked by the employer; expiration of a contract based on 'fair reason' invoked by the employee; expiration of a contract without the provision of pension entitlements. Unemployment is also considered non-voluntary when the contract ends by mutual agreement between the employer and the worker in the case of company restructuring, or when companies are faced with financial difficulties. Collective dismissals also fall into the category of non-voluntary unemployment. 2) In case of restructuring, restricting the number of workers in each company who are entitled to unemployment benefit, together with dismissal compensation in cases where the employment contract ends by mutual agreement, depending on the company's size: in companies with less than 250 workers, a maximum of 25% of the workforce are entitled to receive unemployment benefit up to three years following their dismissal; in companies with more than 250 workers, up to 20% of the workforce with a limit of 80 workers are entitled to unemployment benefit.
2	Unemployment benefits	Duration of Unemployment	Making the period length of the allowance payment depend not only in the beneficiary's

		Benefits	<p>age, but also in the period of time he has contributed to the social security system. Different age brackets are considered when these two conditions are applied.</p> <p>Unemployed persons younger than 30 years, who have worked for less than two years, are entitled to nine months' unemployment benefit. For those who have worked more than two years, the entitlement can be up to 360 days, plus an extra 30 days per five years worked. Unemployed persons who are older than 45 years are entitled to up to two years of unemployment benefit where they have worked six years, or up to 900 days if they have worked for more than six years; they are entitled to 30 days more for each five-year period of social security contributions made.</p>
2	Unemployment Benefits	Net replacement rate	The amount of the benefit cannot any more higher than the net value of the previous earned income. The daily amount of unemployment benefit is based on 65% of the unemployed person's gross monthly wage, calculated on the basis of a 30-day month.
2	Unemployment benefits	Search and job availability requirements	Clarification of the concept of convenient job, which now refers to job offers that cannot be refused by those in receipt of unemployment benefit, insofar as it constitutes a job which is compatible with the worker's capacities and skills, and which meet certain wage conditions. If the unemployed refuse a job offer that meets these conditions, they risk losing their unemployment benefit.
2	Unemployment benefits	Coverage and eligibility conditions	Defining new criteria for awarding unemployment benefit: only those who have worked at least 450 days in the two years preceding unemployment are entitled to receive unemployment benefit.
0	Active Labour Market Policies	Direct Job Creation Schemes	<p>1) Offering financial support which does not have to be reimbursed to companies employing up to 50 workers, whenever the employers hire workers who were previously on fixed-term employment contracts on a permanent basis. The amount of support for each fixed-term employment contract converted into an open-ended contract will be up to four times the amount of the statutory minimum wage or up to six times, in the case of disabled workers. 2) Job creation incentives for companies which hire younger and older workers, as well as long-term</p>

			unemployed persons, under a full-time and open-ended employment contract. The financial support to hire young workers and those who are long-term unemployed will be up to 12 times the national minimum wage, while a more substantial incentive is planned for companies that hire workers aged over 55 years.
0	Active Labour Market Policies	Public Employment Services (job assistance, job-counselling)	Strengthening the linkages between employment services and social security.
0	Active Labour Market Policies	Training	Creation of Sectoral Councils for Qualification (CSQ), tasked with the identification of the needs for updating the National Qualifications Catalogue ("Catálogo Nacional de Qualificações" - CNQ) and collaborate with the National Agency for Qualification (ANQ) in the work of updating and development of the Catalogue. Between 2009 and 2010 were implemented 16 sectoral councils.
0	Unemployment benefits	Coverage and eligibility conditions	Increasing the statutory minimum wage by 5.7% from ? 403 to ? 426 per month in 2008. Also foreseen a gradual evolution of the minimum salary so as to reach ?450 in 2009 and ?500 in 2011. GMMI is no longer indexed to the amount of pensions; instead its updating takes the evolution of the cost of living, productivity gains and the real economic gains into account.
0	Other welfare-related benefits	Family-related benefits	Abolition of the clause that allowed for an increased amount of family benefits to be given to beneficiaries of unemployment benefits with children and very low income (given that this increase was conditional to the unemployed situation, and therefore discouraged job acceptance)
2008			
1	Active Labour Market Policies	Training	Creation of the new Qualification-Employment professional placement programme intended for unemployed persons to improve their qualifications, irrespective of their age; to benefit to 10 000 unemployed + Broadening of the supply of double certification courses (e.g. EFA and CET) to include unemployed persons in specific regions especially affected by unemployment (to cover 5000 unemployed)
1	Active Labour Market Policies	Special Schemes for	Development of INOV Programmes, designed to support young people to access

		youth	employment through professional training placements for young higher education graduates: a) development of INOV Jovem (professional training placements in SME's) and INOV Contacto (professional training placements in companies abroad); b) creation of INOV ART (professional training placements in art organisations/ institutions abroad) and of INOV Vasco da Gama (professional training placements for international qualification of young entrepreneurs and managers; c) creation of INOV Mundus (professional training placements in organisations/institutions in the field of development cooperation).
1	Active Labour Market Policies	Special schemes for the disabled	IIE Support young people in access to employment: (a) creation of more than 12 000 professional training placements for young people, especially young higher education graduates in areas of low employability; and (b) payment to the employer of recruitment aid totalling EUR 2000, plus exemption for 2 years from payment of Social Security contributions for the recruitment of young people on an unlimited term contract. Net employment creation compulsory for at least 3 years. Measures aimed at facilitating the transition to working life, by: (a) increasing the number of young people supported through professional placements to 37 000; (b) providing financial support to companies that contract young people aged under 35 years seeking first employment, encompassing around 20 000 young people.
1	Active Labour Market Policies	Training	Qualification-Employment measure (Programa Qualificação-Emprego): temporary (six month periods) and exceptional (2009) plan to support companies and workers in a situation of temporary decline in business (lay-off). Scheme extended to 2010
1	Active Labour Market Policies	Training	Revision of Apprenticeship Training courses, that are one of the modalities of dual certification training and provide both professional training and an upper secondary qualification: curricula, organisation and functioning of training, evaluation and certification. The revision was made under the National System of Qualifications, in order to comply this offer with the National

			Qualifications Catalogue.
1	Active Labour Market Policies	Training	Changes in the legal framework of Education and Training for Adults ("Cursos EFA" and modular training in the context of the Initiative "New Opportunities"), that: a) make legal and regulatory adjustments to the Courses and to modular training, incorporating the two forms of training in the same legal instrument; b) clarify the difference between the process of qualification for basic education and the one for secondary education; c) define, for the first time, all matters regarding the organization of modular training, in particular aspects such as access conditions, management and operation of training, evaluation and certification.
2	Active Labour Market Policies	Direct Job Creation Schemes	Support to the integration of 30.000 unemployed persons in not-for-profit institutions, through the Employment-Insertion Contract, for a maximum of one year
2	Active Labour Market Policies	Employment Subsidies	Support to the creation of 1600 new companies (and around 3000 new jobs) by unemployed persons, through the subsidised EUR 100 million credit line
0	Active Labour Market Policies	Training	Approval of initial version of the National Catalogue of Qualifications ("Catálogo Nacional de Qualificações" - CNQ), integrating a list of qualifications referentials (education and training referentials; professional profiles).
2009			
1	Active Labour Market Policies	Special Schemes for Youth	Revision of the Professional Traineeship Programme, aimed to promote youths' employability: a) widening the access to the programme to the 35 years olds'; b) opening the access to new traineeship if there is an improvement at skill levels; c) widening its scope to include micro and small enterprises.
1	Active Labour Market Policies	Special Schemes for Youth	Creation of a programme to promote the entry of unemployed aged 35 years older and plus, that have recently improved their skills, into new jobs and activities demanding more skills and qualifications.
1	Active Labour Market Policies	Public Employment Services (job assistance, job-counselling)	Creation of structures to provide support to the unemployed for the development of their pathway towards integration or reintegration into the labour market, in close cooperation with employment centers.

1	Active Labour Market Policies	Special Schemes for the disabled	Programme to Support Employment and Qualification of People with Disabilities: supporting the qualification and integration, maintenance and reintegration into the labour market.
1	Active Labour Market Policies	Special Schemes for the youth	Development of INOV programmes, designed to support young people to access employment through professional training placements for young higher education graduates. Such as the 2010 implementation: including training programmes for young persons with a university degree in specific fields such as sociocultural mediation, the environment, civil protection and renewable energies: a) INOV-Export (professional training placements in small and medium enterprises that are exporters or potentially exporters); b) INOV-Energia (professional training placements in environment, renewable energy and sustainable development companies and/or institutions)
1	Active Labour Market Policies	Training	Harmonising conditions for the demand in terms of training for employees that have a temporary contract with the ones that have a permanent one. The right for training starts after a three month contract and depends on the length of the contract.
1	Active Labour Market Policies	Training	The 35 annual mandatory hours of training that the employer has to assure to his/her employees can be given in a more flexible way: 1) if in one year training does not exceed the 35 hours he can use the excess hours in a period of two years 2) the training of one year can be assured in the next two years in case the employer has a training plan for the following period.
1	Active Labour Market Policies	Training	Employment-Qualification Programme (PQE): Measure to take advantage of periods of reduced or suspension of activity in companies to improve the employees qualifications, ensure levels of employment and contributing, through training, to adapt to the challenges of the international context.
1	Other welfare-related benefits	Family-related benefits	Increase education-related financial support to low income families: aimed at supporting low-income families and students from basic, secondary and upper-secondary, and higher education; reduce child poverty; increase school participation. Includes: access to free meals at school, schoolbooks, scholarships,

			school pass (fares reduced by 50% in public transport).
2	Active Labour Market Policies	Direct Job Creation Schemes	Support to the integration of unemployed and recipients of social insertion income in non-profit institutions, through Contract Employment-Insertion and Contract Employment-Insertion+, for 1 year maximum. Through this contract, the unemployed is assigned an additional grant of 20% of the monthly payment of unemployment benefit plus food allowance and transport. Target groups: People with impairments and disabilities, LTU, unemployed aged over 55 years, former inmate or person serving a sentence in an open exterior regime facing a judicial measure or other non-custodial.
2	Other welfare-related benefits	In-work benefits (employment conditional benefit or tax credit)	In case of quick return to the labour market (6 months or less), the unemployed will maintain full relevance of all previous contributively periods in future modulation of the duration of eventual unemployment allowances.
2	Other welfare-related benefits	Social assistance (housing, means-tested benefits)	The extended social benefit scheme will apply for a further period of 12 months. All unemployed persons meeting the requirements with a family income below €461 a month (before the limit was €365 a month) will be eligible to take part in the scheme.0 The social benefit scheme in the case of unemployment was established to provide unemployed people with a level of income that would enable them to survive. The persons eligible to receive the 'unemployment social benefit' are those not entitled to unemployment benefit, which depends on a worker's social security contributions, and long-term unemployed people, when their access to unemployment benefits has expired. The social benefit scheme for unemployed people is dependent on the income level of all family members. Up until 2009, only unemployed persons whose family income was below €365 a month were entitled to participate in this social benefit scheme. The amount of the social benefit for unemployed persons varied between 80% and 100% of the monthly statutory minimum wage. In March 2009, new rules came into force, with Decree 68/2009 extending temporarily, by 6 months, the period during which persons are entitled to receive the

			unemployment social benefit. As a result, unemployed people may receive the social benefit up to a maximum of 18 months. However, this measure was followed by a reduction in the benefit amount to 60% of the social support index allowing for a bonus of €41.90 for each child in the household. In 2009, the social support index corresponds to €419.22, which is €30.78 less than the SMN. Therefore, unemployed persons without children were eligible to a social benefit payment of €251.40 a month.
2	Other welfare-related benefits	Social assistance (housing, means-tested benefits)	Temporarily expanding the allocation of social unemployment benefits for a period of six months, for long-term unemployed concluding in 2009 or in 2010 the time limit for entitlement to initial or subsequent unemployment assistance. The daily amount of the allowance shall be 1/30 to 60% of the indexed social support (IAS). The daily amount of the allowance is increased by 1/30 of 10% of the IAS for each child in the household of the recipient, with a maximum of 1 IAS (index of social support). The extension provided in 2010 does not apply to situations related to the extent or the assignment of social unemployment benefits (initial or subsequent) during the year of 2009. In situation of rapid return to the labour market (6 months or less), the unemployed persons will maintain in full all previous contribution periods for the purpose of any future determination of the duration of unemployment benefits
2	Active Labour Market Policies	Direct Job Creation Schemes	Programme to Support Entrepreneurship and Self-Employment: a) support the creation of small companies, for profit, irrespective of their legal form, which lead to creating jobs and help boosting of local economies; b) support for self-employment for beneficiaries of unemployment benefits. Modalities of support: a) guaranteed loans and interest rate subsidy; b) technical support to the creation and consolidation of projects; c) payment by one time of total amount of unemployment benefits; d) additional support referred to in paragraph under the form of repayable grant.
2	Unemployment Benefits	Search and job availability criteria	The required unemployment spells for someone be considered long term unemployed is reduced to 9 months, without



			prejudice to have been concluded, during this period, fixed-term contracts for less than 6 months, whose combined length does not exceed 12 months.
0	Active Labour Market Policies	Direct job creation schemes	Support access and/or return to work through the payment of 2000€ to the employer as a support for hiring: youth, long-term unemployed and/or unemployed aged 55 years and plus, beneficiary of social insertion income and recipient of invalidity pension, former drug addict and ex-prisoner, with permanent and full-time contracts. This payment is increased by a two-year exemption from payment of social security contributions.
0	Active Labour Market Policies	Special schemes for the youth	New definition of working student: the person that exercise an activity under the authority of other person and still attends any level of education including post graduations, masters or PhD, or a vocational training course or temporary youth occupation programme, lasting 6 months or more. In order to have the status of working student, young people at work under the age of 16, who have completed their compulsory schooling but do not hold a vocational qualification and the young people at work of at least 16 years old and less than 18 years old but who have not completed their compulsory schooling or do not hold a vocational qualification, have the right to the status of working student, with a doubled limit of training hours (6 to 12 hours per week), notably if the young people at work participate in the "Centro de Novas Oportunidades"
0	Other welfare-related benefits	Family-related benefits	Raise family support in the first and second lower brackets of income through annual update of the amounts of family benefits. For the year 2009, the family allowances for children and youth benefit from a rise of 2.9% for the first three levels of family income, and 2.4% for the 4th and 5th level of income. The values of prenatal benefits as well as the increases connected with situations of single parenthood and for larger families are also updated taking as reference the values established for the family allowance for children and young people.
0	Active Labour Market Policies	Training	Setting out the structure and organization of the National Qualifications Catalogue, as well

			as their evolution model for skill-based qualifications. The CNQ promotes the regulation of the provision of dual certification, whether developed in the context of initial education and training, or within lifelong learning.
0	Active Labour Market Policies	Training	Setting-out the regulations of the National Qualifications Framework and defining the descriptors for the characterization of national levels of qualification. The QNQ adopts the principles of the European Qualifications Framework with regard to the description of national qualifications in terms of learning outcomes, according to the descriptors associated with each level of qualification. The CNQ covers all the levels of education and training, as well as the processes of recognition, validation and certification of competences developed under the National Qualifications System.
2010			
1	Active Labour Market Policies	Public Employment Services (job assistance, job-counselling)	Unemployed registered in job centers (PES), who hold less than an uppersecondary diploma, are not attending training within the National Qualifications System, and whose profile of employability proves inadequate to job offers available, should be proposed by the national network of centers new opportunities, in order to undertake a process of recognition, validation and certification of skills or further education and training.
1	Active Labour Market Policies	Special schemes for the disabled	Fostering implementation of the INOV programme, including training programmes for young persons with a university degree in specific fields such as socio-cultural mediation, the environment, civil protection and renewable energies: a) INOV-Export (professional training placements in small and medium enterprises that are exporters or potentially exporters); b) INOV-Energia (professional training placements in environment, renewable energy and sustainable development companies and/or institutions).
1	Active Labour Market Policies	Special Schemes for Youth	1) Creating a professional internship programme for young people who attend professional and technological courses or who have a secondary school education or equivalent qualification level; 2) setting up a programme to support the recruitment of

			young people who have already completed an internship programme, particularly in technological areas, and encouraging contacts between schools and employers; 3) offering re-qualification opportunities for 5,000 young persons with a university degree in sectors of low employability to facilitate their adequate integration into the labour market.
1	Active Labour Market Policies	Training	Revision of the Professional Traineeship Programme: a) Extension of the program to young graduates at the upper-secondary and post-secondary levels, with professional qualifications (from March 2010); b) Reduction of its length, from 12 to 9 months, in order to increase the number of potential beneficiaries and diminish financial burden (from August 2010).
1	Active Labour Market Policies	Special Schemes for Youth	Creation of a programme to support professional traineeships for young people in central and local public administration.
2	Other welfare-related benefits	In-work benefits (employment conditional benefit or tax credit)	In order to facilitate the transition from unemployment to work, extending the possibility to combine partial unemployment benefits with labour income to a part-time job or to temporary independent work. In any case, the combination is only possible for working activities generating a very low income.
2	Unemployment benefits	Net replacement rate	Net replacement rates are capped at 75% of the reference. The maximum benefit amount remains at 3 times the social support index which is stable in 2009 - 2010 - 2011: EUR 419,22.0
2	Unemployment benefits	Search and job availability criteria	During the first year of unemployment, unemployed people must accept a job offer if the gross wage offered equals the unemployment benefit plus 10%. After the first year, an unemployed must accept a job offer if gross wage equals or exceeds the value of unemployment benefit.
2	Active Labour Market Policies	Direct job creation schemes	Increasing up to 50,000 the number of persons to be covered by employment-inclusion contracts (contratos de emprego-inserção), intended for subsidised unemployed people who are engaged in occupational programmes, and increasing up to 12,000 the number of people covered by the employment-inclusion contracts + (contratos de emprego-inserção +). The latter are intended for unemployed beneficiaries of

			social inclusion income (rendimento social de inserção) who are engaged in activities considered socially useful.
0	Active Labour Market Policies	Direct Job Creation Schemes	Payment of 2500 € to employers hiring long term unemployed aged 40 years old and plus with permanent and full-time contracts. This payment is increased by 2 years of exemption from payment of social security contributions. In case of fixed-term contracts, it is only assigned a reduction of 50% from social security contributions in charge of the employer during the 1st year contract, and of 65% during the following years.
0	Active Labour Market Policies	Direct job creation schemes	Payment of 2500 € to employers hiring young people who concluded a Professional Traineeship with permanent full-time contracts. This payment is topped up with two years of exemption from social security contributions. In situations of part-time hiring, the support is reduced proportional to the reduction of the period of normal working hours.
0	Active Labour Market Policies	Special Schemes for youth	Promoting the use of open-ended employment contracts for hiring people aged under 35 years who are seeking their first job or who are unemployed and registered in the employment centres for more than six months. This will be done by providing direct support of €2,500 as a one-off payment and exempting the employers from payment of the associated social security contributions for 24 months. Alternatively, the employers may forego the one-off payment and be exempt from the social security payments for 36 months.
0	Active Labour Market Policies	Training	Individual Competences Handbook (CIC): defining its model, content and process of registration under the rules of the National Qualifications System. The CIC records the competences acquired and training undertaken by individuals throughout life that are referred to the National Catalogue of Qualifications, as well as other training not included in this Catalogue.
0	Unemployment benefits	Unemployment benefits- other	Employers are required to inform the social security services about their intention of hiring an unemployed before signing a new work contract.

Appendix 5: List of Labour Market Policies issued in Portugal (2000-2010); source:(Commission, 2013)

## Bibliography:

- Baglioni, S., & Mota, L. F. O. (2013). Alike but not alike: Welfare state and unemployment policies in Southern Europe. Italy and Portugal compared. *International Journal of Social Welfare*.
- Bonoli, G. (1997). Classifying welfare states: a two-dimension approach. *Journal of social policy*, 26(3), 351-372.
- Bover, O., García-Perea, P., & Portugal, P. (2000). Labour market outliers: Lessons from Portugal and Spain. *Economic Policy*, 15(31), 379-428.
- Clasen, J., & Clegg, D. (2006). BEYOND ACTIVATION REFORMING EUROPEAN UNEMPLOYMENT PROTECTION SYSTEMS IN POST-INDUSTRIAL LABOUR MARKETS. *European Societies*, 8(4), 527-553.
- Commission, E. (2013). Labour Market Reforms Database. Retrieved 11.07.2013, from [http://ec.europa.eu/economy\\_finance/indicators/economic\\_reforms/labref/](http://ec.europa.eu/economy_finance/indicators/economic_reforms/labref/)
- Davia, M. A., & Hernanz, V. (2004). Temporary employment and segmentation in the Spanish labour market: An empirical analysis through the study of wage differentials. *Spanish Economic Review*, 6(4), 291-318.
- Dingeldey, I. (2007). Between workfare and enablement—The different paths to transformation of the welfare state: A comparative analysis of activating labour market policies. *European Journal of political research*, 46(6), 823-851.
- Ebbinghaus, B. (2005). Can path dependence explain institutional change?: Two approaches applied to welfare state reform.
- Eichhorst, W., & Konle-Seidl, R. (2006). Interaction of Labor Market Regulation and Labor Market Policies in Welfare State Reform, The. *Comp. Lab. L. & Pol'y J.*, 28, 1.
- EUROSTAT. (2013a). Expenditure on social protection.
- EUROSTAT. (2013b). Real GDP per capita, growth rate and totals.
- EUROSTAT. (2013c). Unemployment rate by age group
- EWCO. (2011, 01/03/2011). Portugal: EWCO CAR on Getting prepared for the upswing: Training and Qualification during the Crisis. Retrieved 12/07/2013, from <http://eurofound.europa.eu/ewco/studies/tn1010023s/pt1010029q.htm>
- Ferreira, L. V. (2008). Persistent poverty: Portugal and the Southern European welfare regime. *European Societies*, 10(1), 49-71.
- Gangl, M. (2003). Bildung und Übergangsrisiken beim Einstieg in den Beruf. *Zeitschrift für Erziehungswissenschaft*, 6(1), 72-89.
- GovernmentPortugal. (2004). *National Action Plan for Unemployment 2004*. Lisbon.
- GovernmentPortugal. (2008a). *Lisbon Strategy: National Plan of Reforms (PNR)- Portugal*. Lisbon.
- GovernmentPortugal. (2008b). *National Action Plan for Employment (2005-2008): Follow-Up Report 2007*.
- GovernmentPortugal. (2010). *National Action Plan for Employment (2008-2010): Follow-Up Report 2008*.
- GovernmentSpain. (2000). *Kingdom of Spain: National Action Plan for Employment 2000*.
- GovernmentSpain. (2001). *Kingdom of Spain: National Action Plan for Employment 2001*
- GovernmentSpain. (2003). *Kingdom of Spain: National Action Plan for Employment 2003*.

- GovernmentSpain. (2004). *Kingdom of Spain: National Action Plan for Employment 2004*
- GovernmentSpain. (2005). *Covergence and Employment: The Spanish National Reform Programme*.
- Hering, M. (2003). *The politics of institutional path-departure: A revised analytical framework for the reform of welfare states*: Mannheimer Zentrum für Europäische Sozialforschung.
- Jenson, J. (2010). Diffusing Ideas for After Neoliberalism The Social Investment Perspective in Europe and Latin America. *Global Social Policy*, 10(1), 59-84.
- Kotz, D. M. (2009). The financial and economic crisis of 2008: A systemic crisis of neoliberal capitalism. *Review of Radical Political Economics*, 41(3), 305-317.
- Sarfati, H. (2003). Welfare and labour market reforms: a new framework for social dialogue and collective bargaining? *European Journal of Industrial Relations*, 9(3), 265-282.
- Scarpetta, S., Sonnet, A., & Manfredi, T. (2010). Rising youth unemployment during the crisis. *OECD Social, Employment, and Migration working papers, Paris*, 106, 1-27.
- Taylor, J. B. (2009). *The financial crisis and the policy responses: An empirical analysis of what went wrong*: National Bureau of Economic Research.
- VAN GERVEN, M. (2008). The Broad Tracks of Path Dependent Benefit Reforms. A longitudinal study of social benefit reform in three European countries, 1980-2006. *Social Security Institution*.
- Vandenbroucke, F., Hemerijck, A., & Palier, B. (2011). The EU needs a social investment pact. *Observatoire Social Européen Paper Series, Opinion Paper*, 5.
- Vandenbroucke, F., & Vleminckx, K. (2011). Disappointing poverty trends: is the social investment state to blame? *Journal of European Social Policy*, 21(5), 450-471.
- Verick, S. (2009). Who is hit hardest during a financial crisis? The vulnerability of young men and women to unemployment in an economic downturn.
- Villaverde Cabral, M. (1999). Unemployment and the political economy of the Portuguese labour market. *South European Society and Politics*, 4(3), 222-239.
- Vis, B. (2011). Under which conditions does spending on active labour market policies increase? An fsQCA analysis of 53 governments between 1985 and 2003. *European Political Science Review*, 3(2), 229-252.
- Wiseman, M. (1986). Workfare and Welfare Policy. *Focus*, 9(1).
- Wölfl, A., & Mora-Sanguinetti, J. (2011). Reforming the labour market in Spain.