

Workfare tendencies in Scandinavian welfare policies

Nanna [Kildal](#), Sefos Prof. Keyzers gt. 125007 Bergen Norway

e-mail: nanna.kildal@sefos.uib.no

Some extracts from a paper presented at the 8th BIEN Congress

"Workfare tendencies in Scandinavian welfare policies "

Some ideas in European welfare policies

Unemployment, or worklessness, is firmly on the agenda of various Western countries. Although other challenges to citizens' well-being are being identified, as increasing labour market insecurities and rising poverty rates, the problem of non-work is given the main public attention. Even countries with no experience of high unemployment rates, such as Norway, have recently introduced welfare reforms to confront the problem of 'worklessness'.

Another common feature of European welfare policies, is the general trend of the reforms; towards active measures rather than passive, sanctions rather than incentives, duties rather than rights (Salonen & Johansson 1999). Further trends include the approval of a public contract approach rather than a rights-based approach and an emphasis on selectivity rather than universality (Ferrera & Rhodes 2000). Thus, there is convergence not only in the perception of today's primary political challenge, but also in the political answers, irrespective of institutional preconditions. The tendency towards convergence in diverse national welfare policies is undeniably accompanied by divergent trends in other respects. Nonetheless, there are reasons to claim that "another strand of thinking has been sweeping the world", a strand which is presented in three characteristic forms: 'active labour market policies', 'workfare' and 'welfare-to-work' programmes (Standing 1999 p. 313).

The Scandinavian welfare states are no exception in being affected by the new ideas. And even if the significance of this policy change is yet quite unclear, the question has been raised whether these states are in fact experiencing a 'silent revolution' (Goul Andersen 1999).

This paper is concerned with the 'workfare' variant of the new policies. The aim is to trace workfare tendencies in the reforms of welfare and labour policies during the 1990s in Norway, Sweden and Denmark. Furthermore, as welfare institutions are normatively founded, expressing certain norms and ideals, some normative issues raised by workfare-programmes will be discussed. Finally, workfare policy will be considered in the light of a basic idea of equality which no legitimate government can neglect: that citizens should be treated with equal concern and respect (Dworkin 2000).

Scandinavian welfare policy

Among the diversity of welfare state systems, more or less distinctive patterns of institutional design have emerged that express certain common ideals and values, a common internal logic. This especially applies to the Scandinavian welfare states. Whether described as an 'institutional redistributive model' (Titmuss 1958) or a 'social democratic welfare-state regime' (Esping-Andersen 1990), one of the most distinctive traits of Scandinavian welfare policies is that public benefits are instituted as social rights to high-level benefits. This implies that the benefits, in principle, cover all citizens regardless of achievements or financial means. In reality, though, the benefits are far from independent of the citizens' work related conduct.

According to Esping-Andersen, a welfare regime is characterized by the way risks are pooled, hence the Scandinavian welfare states share some central features in dealing with risks (1999 p. 33-7). All three have step by step defined more risks as 'social' risks, i.e. as responsibilities of the state, thus expanding the categories of citizens with legitimate needs for income protection. And, although these welfare states act in conformity with the market, there has been a distinct effort to minimise the citizens' dependency on the market, to de-commodify their welfare (Esping-Andersen 1990).

The inherent logic of Scandinavian welfare policy is thus associated with Marshall's idea of a welfare state

(1950/1992). According to Marshall, good reasons for a welfare state are to moderate class divisions and protect the equal status of all citizens. By guaranteeing social rights to everyone, inequalities produced by the market are transcended. The welfare state thus lays the foundation of a democratic citizenship for all members of society. In this inclusive idea of citizenship rights is a constitutive element; benefits are established as social rights, not as mere subsidies, gifts or favours that the society may demand to have repaid (Reamer 1990 p. 143). However, even if the Scandinavian countries have taken responsibility for a wide range of risks, they do not cover them all. Needy citizens, who neither receive income from wealth or work, nor fit into the national income-security system, are rescued by residual safety nets, the Social Assistance Acts. These are framework acts, highly selective, that establish municipal welfare responsibilities to distribute social assistance on the basis of individual assessments and extensive social control.

A third central feature of the Scandinavian welfare states, besides universal, generous welfare benefits and selective, meagre safety nets, is the commitment to 'full employment'. Among comparable welfare regimes, the Scandinavian countries enjoy the highest rates of employment, including the highest rates of female employment, and the most comprehensive active labour market programmes. In 1954 the 'right to work' was even incorporated into the Norwegian constitution. A characteristic of the logic behind these welfare states is thus the close relation between the institutions of welfare and labour; the Scandinavian countries stand out as both strong 'work societies' and 'strong welfare states'.

Current workfare tendencies

The 'work line' and 'active labour market policy' has been a cornerstone of welfare policy since World War II, especially in Norway and Sweden. However, during the 1990s a 'new' work line has emerged that implies far stricter demands, including tightened eligibility criteria, reduced periods and levels of support. The renewed 'work line' of the 1990s imposes new obligations on citizens as a condition for the receiving of welfare benefits. As stated above, the primacy of work has always been central to Scandinavian welfare legislation; welfare programmes have invariably been accompanied by different kinds of obligations, especially the obligation to actively seek for work. The most distinctive difference between the 'new' and 'old' work lines is the introduction of a quite different kind of obligation, a 'duty to work' in return for benefits in the lowest tier of the income maintenance system. It is this 'workfare element' of the new welfare policies in Scandinavia which may be regarded as a new trajectory, different from the income protection in terms of social rights which comes close to a 'citizen's wage trajectory' (Goul Andersen 2000 p. 80).

In the following some central welfare reforms will be presented to describe this path in Denmark, Sweden and Norway.

Denmark

Since the 1970s the idea of 'activation' has become well established in Danish welfare and labour market policies, an idea that was strengthened during the 1980s as a respond to OECD recommendations. In 1990 'activation' had become widely popular and a key notion in the political discourse. By this time, Denmark had experienced several years of retrenchment and high unemployment rates. The number of people dependent on the income maintenance system had escalated, as had fears of uncontrollable payouts and the growth of dependency cultures. Piecemeal amendments were introduced until the implementation of two important reforms, a labour market reform of 1993, which was supplemented by a second (1995), and third (1998) reform, and a social political reform of 1997. Although the significance of these reforms is contested, some researchers interpret them as definite implementations of a 'workfare trajectory' of the new welfare policy (Loftager 1998; Goul Andersen 2000). The 'citizen's wage trajectory' which main ambition was to maintain the standard of living for the unemployed, become to a certain extent less important. For instance, new leave arrangements (1992-93) which strengthened this path, fizzled out after some years. This change of welfare trajectories may be read in the rhetorical shifts from 'opportunities and rights' (1990), via 'rights and duties' (1995), to mainly duties (1998) (Goul Andersen 1999 p. 204).

The aim of the labour market reform of 1993 was primarily to reconstruct both the unemployment insurance and the social assistance systems. The link between 'activation' and the right to unemployment benefit was strengthened, and the maximum period of entitlement to benefits was reduced to 7 years. During the first 4 years the unemployed person had a 'right and duty' to 1 year of activation, the last 3 years being a permanent activation period. The second labour market reform reduced the benefit period to 2 years, while the activation period remained 3. On

rejecting an activation offer, the unemployed person was denied benefits for 4 weeks, or in some cases, permanently. Claimants below the age of 25 were entitled to unemployment benefits for 6 months, whereafter they were obliged to accept 18 months of education with highly reduced benefits. In a similar way, the same age group receiving social assistance had to make a 'plan for activation' after 3 months and to 'activate' in exchange for benefits (12 months for those above 25 years) (Torfing 1999; Goul Andersen 2000).

The 'workfare' element of the activation strategy, that no one should receive public benefits without doing work in return, was strengthened with the implementation of the second important welfare reform, the Social Assistance Act of 1997. The claimant's duty to participate in some activity arranged by the municipality was strengthened, and in 1998 even a new act was implemented called The Activation Act, which radically weakened the principle of 'income protection' (Abrahamson 1999 p. 412). The main objectives of the new social assistance policy were to develop the claimant's working skills, and to activate them all. No one should receive public money without doing something in return; those who refuse activation will have their benefits cut by 20 percent. On the other hand, people who comply with job training will receive a wage in accordance with the collective labour market agreement, although this work do not entitle them to a renewed access to the unemployment benefit system. A recent change to this latter law has raised the age limit for immediate activation from 25 to 30 years, and included youth with problems exceeding worklessness. The criticism, that claimants complying with the activation condition do not enjoy labour market rights similar to ordinary workers, was not taken into account in the amendment (Torfing 1999 p. 17).

A principle feature of the Danish welfare and labour market reforms of the 1990s is a strong emphasis on activation and work-duties and a trend towards workfare. The obligation to work on terms inferior to comparable work in the labour market, and the possibility of losing the entitlement to benefits in the last safety net, are unmistakable traits of workfare. And, even if the new policies are far from unequivocal, some Danish researchers find it noteworthy that changes were introduced during the 1990s after the recovery of the economy. No functional necessities can explain why this new workfare path was instituted (Loftager 1998; Goul Andersen 2000 p. 69). Ideological streams may be a better explanation of the current changes.

Sweden

Even by Scandinavian standards the Swedish concept 'arbetslinjen' ('the work line') is of longstanding pedigree. In 1916 the term was introduced in conjunction with the implementation of a national insurance for industrial accidents, thus underscoring workers' own responsibility to get back to work (Zetterberg & Ljungberg 1997 p. 82). In 1918 subsidised work for the unemployed was introduced, a preliminary initiative for the 1930's advancement of the principles of 'full employment' and the citizen's 'right to work'. In the early 1990s, after a long post-war period of stable economic growth, Sweden experienced the worst economic recession since the 1930s. Also politically the welfare system was challenged, with the result that "almost every part in the system is affected by ongoing reform work" (Palme & Wennemo 1998 p. 5).

Several adjustments to welfare and labour policies were implemented, not least due to the explosion in unemployment figures. In the period 1992-96, youth unemployment (people aged 18-24) was close to 20 percent, and the government responded with a number of new key terms for the labour market policy in order to confront the unemployment problems. Among these were increased decentralisation of funding and decision-making mechanisms, fewer rules to govern the policy, and increased flexibility for local employment offices. The municipalities were increasingly empowered to organise and fund their own schemes, the main aim of which was to cope with the growing number of social assistance claimants not covered by national security programmes (Salonen & Johansson 1999).

Gradually the state's responsibility as labour market agent was transferred to the local authorities, and in 1995 the municipalities took over the entire responsibility for young people under 20, a responsibility which, in 1998, was extended to include the long-term unemployed between 20 and 25.

This shift in responsibility, from the state to the municipalities, was accompanied by a shift in responsibility from the public to the individual in the social assistance programme. In the early 90s, there was a perceptible shift in the interpretation of clients' rights and duties, a change which is made explicit in the revised Social Service Act of 1998 (Salonen & Johansson 1999). This act asserts that the municipality has the right to demand participation in training or work activities from the recipients of social assistance. Those who quit the programme or refuse to participate may suffer a reduction or withdrawal of assistance. The justification for this was, i.a., that the

individual's responsibility to be self-reliant had to be made explicit. Thus, as in Denmark (and Norway), the act introduced a workfare element into society's last security net, the social assistance programme.

The tendency towards workfare was followed up by another act passed by the Swedish Parliament in 1998, The responsibility of the municipalities' act for young people between 20 and 24 years old. In this case the target group is young unemployed people entitled to either unemployment insurance, social assistance, or to no benefits at all. Those who are without any work-like activity, training etc. after 90 days should be offered a place on a municipal work scheme or a competence-development programme for up to 12 months. For their own part, the unemployed are obliged to accept any offer given, or risk losing their benefits. The explicit model for the new Swedish policy was the Danish labour market policy of the 1990s, in particular the Municipal Activation Law of 1994 which was part of the comprehensive labour market reform (ibid.).

This is an unmistakable feature of workfare; the local authorities can require unemployed people to work for their welfare on terms that are inferior to equivalent work offered on the labour market. Moreover, there are even discrepancies between the incomes received by different beneficiaries of this scheme. They have the same duty to participate in work activities, but not the same right to remuneration (ibid.). While those entitled to unemployment benefits receive 80 percent of their former income as payment, those neither entitled to unemployment insurance nor social assistance receive much less (around 2000 SEK per month). The compensation levels are no longer related to wages on the labour market, but to replacement levels in the social security and social assistance systems. And as is the case with US workfare, the work activity does not qualify the recipient for unemployment insurance, sick relief or increased old-age pension.

According to a report from Statistics Sweden, there has been a fairly limited decrease in total public expenditure on social benefits and services in the period 1975-95. However, the relocation of resources for different purposes has been considerable (Vogel 1997 p. 650). The labour market policy also changed character and function during the 1990s. E.g. new rules concerning unemployment insurance were introduced "to restore close links between the receipt of unemployment benefits and various active measures" (Palme & Wennemo 1998 p. 35). As it appears, activity has become the central principle of many new decentralised programmes, which also are characterised by a new workfare-type of obligations (Salonen & Johansson 1999).

Norway

The term 'the work line' was first used in the discussion of a new social assistance reform at the end of the 1980s, and officially introduced in a publication dealing with welfare reform, in 1992. The policy was later developed in a Welfare White Paper from 1995, which brings Norway into line with other Scandinavian and European countries by explicitly declaring that the aim of the new policy is to replace the 'passive support' in the 'income maintenance' policy with an active linking of benefits to work requirements in order to make the claimant self-sufficient. The link between rights and duties is also stressed; the citizen has both 'a right and a duty' to work or to prepare for work. As previously stated, the primacy of work has always been central to Norwegian welfare legislation.

In the post-war period's 'work line', unemployment benefits have always been conditional on work-seeking activities. Yet the strengthening of incentives to work may take on different forms, sometimes as carrots and sometimes as sticks, and similar to other contemporary 'work strategies' the current Norwegian 'work line' is primarily concerned with the sticks. The policy does not imply that all recipients of benefits are required to work, but a range of piecemeal reforms have strengthened the link between achievements and the right to benefits. Though some non-market related benefits have been introduced, such as new cash support measures for parents with small children, a range of new initiatives implies tightened eligibility criteria. These relate i.a. to benefits for unemployment, sickness, disability, and for lone parents. The period of time lone parents are eligible for benefits has for instance been reduced from ten to three years in order to strengthen their motivation to become self-sufficient through work.

The strict 'workfare' element of the new work line is however limited to the social assistance programme. In the new Social Assistance Act of 1993, the municipalities were given the right to impose a new duty on recipients; to work in return for benefits. One of the main reasons advanced for this was to make "the connection between personal responsibility and rights perceptible." Recipients may be obliged to work in exchange for benefits, and there is no separate pay scheme in operation for those who refuse. The level of social benefits is set locally and is subject to considerable geographical variation. Neither the act itself nor the accompanying circular from the ministry includes a training component (Enjolras & Lødemel 1999 p. 480-1).

As the qualifying criteria for receiving unemployment benefits have become stricter in 1997 the minimum income requirement was nearly doubled unemployed newcomers to the labour market increasingly have to apply for this less favourable social assistance benefits (Torp 1999 p. 69, 92; Halvorsen 2000). The new scheme comprises all the characteristics of workfare: an obligation to work in return for the benefits, on terms inferior to comparable ordinary work, without any other security nets. Such obligations had not been implemented in Norwegian legislation since the Poverty Law of 1900, even if benefits were generally conditional on certain conduct on the part of the recipient, such as registering at the employment office and actively seeking work, giving an account of money spent, personal belongings etc. With this amendment the municipalities have acquired new means to control the recipients. While the government provides only broad guidelines, the local municipalities are given the responsibility to implement and design the workfare programme.

In Sweden and Denmark, the official reasons for implementing the new welfare reforms, with their elements of 'workfare', were high unemployment rates and increased public spending. In Norway, however, the economic situation has been quite different. After experiencing some recession at the beginning of the 90s, economic growth has been high and unemployment figures low, thanks partly to oil and gas revenues. In Norway, then, the justification for the new reforms has partly been financial concern for future generations, i.e. future challenges, and partly a concern for the work ethic and the dissolution of personal responsibility (Kildal 1998).

Trends in Scandinavian welfare policies

Scandinavian welfare policies have undergone both minor and major changes during the 1990s, some of which imply stricter, others more generous welfare policies. The recent processes are complex and ambiguous, which may be one reason for the different analyses of them. Whereas some maintain that the institutional characteristics of the Scandinavian type of welfare state are deep-rooted, and will remain so for the foreseeable future (Kuhnle 2000), others argue that a process of convergence is pushing diverse European welfare states towards a 'corporate welfare model' and a dualization of welfare protection (Abrahamson 1999 p. 55). 'The flight from universalism' and 'a shift of paradigm' sum up the latter position (Sunesson et al. 1998; Fox 1998; Loftager 1998). Even if this message is somewhat dramatic, it is essential to bear in mind that even seemingly insignificant, piecemeal changes are more than merely instrumental and may be indicative of deeper trends in the development of the welfare policies.

In summing-up the specific 'workfare tendencies' it may be appropriate to stress the ambiguity inherent in the trends. Although workfare tendencies are traceable in both parts of the two-tiered welfare system, they still represent only a small part of the Scandinavian welfare reforms. The overall income-maintaining system has not been replaced, but rather supplemented by workfare-like schemes which represent a decentralised market solution to the problem of social risks. As such it represents a departure from mainstream Scandinavian welfare policy, while complying closely with recommendations provided by the OECD and EU over the last two decades. Two conflicting paths thus seem to have been followed in Scandinavian welfare policy during the 1990s; a 'citizen's income trajectory' based on the right to income protection, and a 'workfare trajectory' based on the duty to provide for oneself (Goul Andersen 2000). Which of these will be the winning solution will depend on a variety of factors. That US, New Zealand, Australia and parts of Europe have chosen the latter option, will certainly constitute one of these factors.

[Return to Home Page](#)