

# Workfare tendencies in Scandinavian welfare policies

Nanna Kildal  
Sefos  
Prof. Keyzers gt. 12  
5007 Bergen  
Norway  
[nanna.kildal@sefos.uib.no](mailto:nanna.kildal@sefos.uib.no)

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### **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).

However, first of all a definition is needed in order to identify the workfare tendencies and delimit these from the above-mentioned policies with which they are related and often confused; 'active labour market policy' and 'welfare to work' programmes. Even if these

policies converge in certain respects, they still remain distinctive. This fact is frequently ignored in the contemporary welfare discourse; not least the Scandinavian ‘active labour market policy’ is often referred to as a model for ‘welfare-to-work’ programmes (Giddens 1998 p. viii; King & Wickham-Jones 1999 p. 71). Thus, in order to distinguish the welfare policy, it is essential to clarify the similarities and differences between these policies.

### **Three forms of activation policies**

‘Activation’ as a socio-political labour market strategy has a long history in Scandinavian countries. The term is broad and refers to a wide range of policies targeted at people receiving public benefits, and/or in danger of being excluded from the labour market (Drøpping et al. 1999). Goals and measures may differ; the goals may be (re)entrance into the labour market, the development of work-related skills etc., while the measures may vary from voluntary training to obligatory work programmes. Other instruments may be job creation, wage subsidies and financial incentives. ‘Activation’ is thus an ‘umbrella concept’ comprising a multitude of schemes (Abrahamson 1999 p. 411). Its popularity today reaches far beyond the Scandinavian countries; the concept has become representative of the new Western welfare thinking.

#### *Active labour market policy*

‘Active labour market policies’, ALMP, together with a general welfare policy and a solidarity wage policy, is characteristic for the Scandinavian countries of the post-war period (Meidner 1997 p. 88). The aim, which is ultimately the achievement of full employment in times of economic restructuring, has made this policy a key indicator in classifications of welfare states. ALMP involves both universal and selective instruments, such as general economic policy and actions aimed at specific regions, at industries, or at certain groups of people. Educational programmes, training and other competence-building activities have been main strategies for adapting the labour force to structural changes within the labour market. Participation in these programmes has traditionally been based more on rights and opportunities and less on duties and sanctions. Nevertheless, ALMP programmes include both carrots and sticks. Even the so-called ‘passive’ part of labour market policies, income maintenance schemes, promotes the goal of full employment, insofar as recipients of unemployment benefits are required to actively seek for work. It is precisely this linking of social security system with labour market services that underlies the Scandinavian ‘work’ and

‘activity lines’. This linking has given the Scandinavian welfare states the portrayal of being ‘the activist corner’ of Europe (Hvinden 1999).

Over the past two decades the goal of full employment has proved increasingly difficult to reach. According to Esping-Andersen we are today in a situation similar to that of the era of high industrialism, when mass production and agricultural decline resulted in a massive overflow of rural populations (1999 p. 24). The difference is that the industrial jobs are in decline these days. Flexible jobs in the tertiary sector require different, less predictable qualifications that represent a great challenge to labour and welfare market policies.

### *Workfare*

Literally the term ‘workfare’ means ‘work-for-your-welfare’, sometimes formulated as ‘welfare-for-work’. The concept and policy of ‘workfare’ stem from US, where ‘welfare’ is the term for ‘social assistance’, the bottom safety net in American welfare policy. The popular and extensive use of the concept during the 1990s has however blurred its meaning. Even research articles often fail to offer an exact definition.<sup>1</sup> Nonetheless, it seems reasonable to distinguish four characteristics. Workfare programmes

1. *oblige* able-bodied recipients
2. to *work* in return for their benefits
3. on terms *inferior* to comparative work in the labour market, and
4. are essentially linked to the *lowest tier* of public income maintenance system.

This definition is an elaboration of the one presented in a recently published study of workfare programmes in six different countries (Lødemel & Trickey 2000). Point 3 is added since second-rate working conditions are a definitive trait of workfare - ‘work-for-your-welfare’ - and one that raises important normative questions. A duty to work on inferior conditions exclusively set by the last resort assistance system certainly has to be separated from a duty to train or educate for the labour market. As it is often stressed, the main aim of workfare is to fulfil a ‘mutual obligation’ to contribute something in return for the received benefits (Mead 1997 p. 221).<sup>2</sup> Furthermore, although failure to meet the conditions of eligibility specified by ALMP may result in the loss of unemployment benefits, a lower tier of

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<sup>1</sup> In a recently published article on Danish workfare policies, workfare is defined as both ‘offensive’ and ‘defensive’ active labour market policy, and as “the subordination of social policy to economic demands for greater labour-market flexibility and lower public social expenditure” (Torfing 1999 p. 9, 23). These characterisations are of little analytical help in clarifying essential traits of the policy and, not least, in considering its normative principles.

<sup>2</sup> In accordance with the new ‘public’ or ‘social contract’ approach in welfare policy, Australia introduced a “work for the dole” programme in 1998 in which the concept of ‘mutual obligation’ is central.

social assistance has still been available in Scandinavia. Contrary to this situation, workfare represents an offer ‘you can’t refuse’ (Lødemel & Trickey 2000).

Although the idea of workfare has a long history in Europe, the term originated in the US during the late 1960s. However, as an actual policy it was not established until 1981 when the US Federal legislation enabled states to introduce workfare-programmes (Nathan 1993 p. 14-15). Five years later, 29 states were running variants of this policy. After Clinton’s radical welfare reform, *Personal Responsibility and Work Opportunity Act of 1996*, the number of these programmes has exploded. According to the new national welfare law, welfare clients are obliged to work in return for the benefits, which furthermore are terminated after two years.

When assessing the expansion of workfare programmes in Scandinavia, it is supportive to bear in mind the particular moral and institutional context in which the workfare policy developed, and the kind of problems the policy addressed. In the US dual welfare system large categories of non-working citizens are excluded from ‘Social Security’, the national social insurance scheme for working people, and left to ‘Welfare’, which offers a number of means-tested programmes at low levels.<sup>3</sup> The main recipient group is lone parents, mostly young black mothers, whose income support has been rather controversial since the introduction of ‘Welfare’ benefits in 1935.<sup>4</sup> This income-protection programme has caused years of debates about the linking of welfare benefits to work incentives, the main argument being the old one, that generous and permissive welfare benefits cause passivity, lack of personal responsibility and ‘dependency cultures’. During the last decades a substantial increase in caseloads has exacerbated this dispute.

In other words, workfare programmes are mainly poverty programmes for a mixed group of non-working poor people. The US has never developed an active labour market policy to fight unemployment, nor an adequate welfare system to protect citizens’ income (except for the elderly). Hence, the policy of workfare was, and still is, primarily an answer to a mix of moral and financial challenges. The purpose is to reinforce work ethics and thus reduce caseloads in the welfare system. Setting standards for the poor will “cause more adult recipients to work or prepare for work as an end in itself” according to Mead, a central consultant in the designing of workfare programmes (1992 p. 167). Traditionally, the primary aim of American welfare policy has been to end poverty. Yet the multiplication of workfare

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<sup>3</sup> These are targeted at the blind, disabled, aged, long-term unemployed and lone parents. None of these groups are expected to take paid employment, except lone parents and long-term unemployed.

<sup>4</sup> At that time and until the 1960s, most lone mothers were widows.

programmes after Clinton's welfare reform, and the increase in poverty among even hard working people during the 90s, indicate that this goal has receded into the background.<sup>5</sup>

### *Welfare to work*

In Great Britain, Blair and New Labour have put the welfare reform 'Welfare to Work' in the forefront of their modernisation programme, The Third Way. The aim of the new strategy was to bring the increase of a 'dependency culture' to an end by means of a comprehensive 'New Deal' programme based on the creation of new partnerships between public and private sectors. New Deal programmes cater for young unemployed people aged 18 to 24, the long term unemployed aged 25 plus, lone parents and disabled people. The programmes offer four options: a six month subsidised private-sector job, six months with a non-profit organisation, paid training or education (for those without basic qualifications), or work in a new 'environment taskforce'. There is no 'fifth option' of remaining on benefit; unemployed people under 25 are sanctioned by losing their benefits.

Currently it is being debated whether this "much tougher and more market-oriented approach" in UK welfare policy may in fact be conceptualised as workfare (King & Wickham-Jones 1999 p. 63). Although 'welfare to work' schemes reflect diverse influences, it is clear that the policy owes much to US-type work requirements (ibid.; Deacon 1997 p. xiii). 'Workfare' and 'welfare to work' certainly share some characteristics, such as the compulsion element in the lowest safety net. However, even if the coercive element is a common denominator in 'workfare', 'welfare to work' and ALMP, it is only the 'workfare' policy which lack choices and training elements, and assumes inferior working conditions. In New Deal's four optional activities, three are in return for benefits, plus extras. The employment option, which includes training, is normally rewarded at the going rate for the job.

Neither is it appropriate to compare this programme with the traditional active labour market policies of Scandinavia. ALMP involve more activism in terms of labour market interventions and broader options for the recipient. These policies also imply less strict enforcement of the claimant's duties and much higher benefit levels and an additional safety net, social assistance. As a 'work programme', it seems that 'welfare to work' should be placed somewhere between workfare and ALMP.

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<sup>5</sup> Today many spokesmen for workfare prefer the term 'new-style-workfare', which combines the recipients' obligation to work and the obligation on the part of the state to provide services, such as child care etc. (Nathan 1993). This obligation is however covered by the concept of 'mutual obligation' which is central in all workfare

### **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.

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policies, and it is of no importance for the analysis and discussion in this paper.

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’.<sup>6</sup> 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.<sup>7</sup>

### *Denmark*

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<sup>6</sup> This has been achieved over a lengthy post-war period thanks to housewifery, according to Esping-Andersen (1999 p. 27). For instance in 1972, 61.4 percent of the labour force in Norway was working compared to 73.3 percent in 1999 (Halvorsen 2000). In 1972 it was held that we had reached the goal of ‘full employment’. Today, when a greater proportion of the labour force is working and a greater proportion is found within the education system, it is held that we are experiencing problems of ‘worklessness’ and ‘unemployment’.

<sup>7</sup> Since the beginning of the 1990s, the political and macroeconomic developments in these countries have differed, in terms of EU membership, the strength of the social-democratic parties, and not least, economic growth. The difference can be seen i.a. in the unemployment figures. In 1990, 1993 and 1998, they were respectively 4.3, 5.5 and 2.5 percent in Norway, 1.6, 10.4 and 6.5 percent in Sweden, and 9.7, 12.4 and 6.6 percent in Denmark (Torp 1999 p. 68).



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.<sup>8</sup> 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.<sup>9</sup> 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

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<sup>8</sup> The leave arrangements, consisting of parental, educational and sabbatical leave, allowed for a temporary withdrawal from the labour market financed by public funds (Loftager & Madsen 1997). In order to encourage job-rotation, sabbatical leave required that long-term unemployed persons replaced those on leave.

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'.

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<sup>9</sup> A long period, even in the Scandinavian context.

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.<sup>10</sup> 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

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<sup>10</sup> See note 9.

work scheme or a competence-development programme for up to 12 months.<sup>11</sup> 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.<sup>12</sup>

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

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<sup>11</sup> After 12 months, the individual, if still unemployed, may again enter the activation programme after three further months of job-seeking.

<sup>12</sup> In 1998 Sweden passed a welfare reform, which restricts the payment of the universal basic amount to people with no or low employment activity. Also Finland’s old pension system has been changed several times in the

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.<sup>13</sup>

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.”<sup>14</sup> 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

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1990s. The pension reform of 1996-97, strengthens the link between pensions and contributions (Kuhnle *ibid.* p. 388)

<sup>13</sup> The rhetoric is the same as in the other Scandinavian and OECD countries, and the formulation ‘right and duty’ is as ambiguous. Conceptually there is no correlation whatsoever between a person’s rights and the same person’s duties; to have a right means to have a claim on a certain treatment *from others*. Thus, just as the citizen’s right to work is correlated to the state’s duty to provide work, so the citizen’s duty to work is correlated to the state’s right to have work performed. Since rights protect goods that are of paramount importance, the work offered should be beneficial. A duty, however, is obligatory and makes all beneficial consequences of work irrelevant. The formulation ‘right and duty’ is thus an obfuscating inconsistency.

<sup>14</sup> Velferdsmeldingen (Welfare White paper) (1994-95), p. 131.

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.<sup>15</sup>

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

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<sup>15</sup> Roughly half of the municipalities are using this right, which recently seems to have become more popular and ‘decent’. Recently a renowned researcher, a declared social democrat, argued that “Social assistance is overpaid

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.<sup>16</sup> 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.

The success of workfare in the US is said to be clear-cut, regardless of all the more or less insurmountable methodological problems which such evaluations raise, and in spite of the far from unequivocal conclusions that have been presented by researchers.<sup>17</sup> Methodological challenges naturally apply also to Scandinavia, in addition to which the limited time perspective makes detailed studies premature. Consequently, it is at present rather difficult to answer the pressing political question: ‘does workfare work’? However, efficiency is not the most important welfare issue, and certainly not the sole type of questions workfare programmes raise. As welfare institutions are not just instrumental tools, but moral institutions based on norms and ideas of ‘justice’ and ‘social recognition’, the normative basis of workfare will be considered as a closing of this paper.

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idleness. Rather than this we should have underpaid work” (Hagen 2000). The attitudes to justice and inequality thus seem to be changing in accordance with the new policy.

<sup>16</sup> A well-known OECD-publication of 1981, which marked a major ideological shift in Scandinavian welfare policy (Kuhnle 2000), recommended decentralisation, privatisation and a reinforcing of individual responsibility (OECD 1981). And, according to the EU’s *Concerted Strategy for Modernising Social Protection* (COM (1999) 347 final), the Union’s social protection system ought to be more employment-friendly and act as a productive factor in making European economies more efficient and flexible. A strong focus on the protection systems’ incentive structures is regarded as crucial to this modernisation process.

<sup>17</sup> An evaluation is of course dependent on the kind of success criteria that are used; e.g. reduction of unemployment, of welfare recipients or reduction in poverty. The Manpower Demonstration Research Corporation in New York is conducting a national evaluation of Welfare-to-Work Strategies under a contract

### **The workfare path: some normative challenges**

Criticisms of workfare are especially focussing the ‘compulsory’ element. According to King and Wickham-Jones for instance, the introduction of compulsion in Blair’s New Labour policies is a remarkable turnaround from Labour’s long held conviction that benefit entitlement for the unemployed should be unconditioned (1999 p. 63). As noted previously, this coercive element is not new in a Scandinavian context. In particular Norway and Sweden have always been ‘work-societies’ with strong roots in the Protestant work ethic. Although the duty to work or to actively seek for work has been enforced quite liberally, allowing the claimant to reject one or two offers, those who reject all offers eventually have forfeited their right to unemployment benefits. Even so, there has always remained a last chance for assistance in the society’s final security net. Hence the fusion of the right to benefit with a duty to participate in some sort of activity, does not constitute an entirely new idea in Scandinavia. What *is* new, however, is the *kind of activity* the client is obliged to participate in, and the *sanctions* for not participating.

#### *The duty to work on second-rate terms*

In workfare-programmes the duty is to work for the benefit, which implies less pay and inferior conditions compared to ordinary work. An idea of ‘less valuable workers’, of a ranking of people, is accordingly a defining characteristic of workfare. Workfare workers are priced lower than other workers, and, moreover, they lack the freedom to choose their work.<sup>18</sup> Nor do they have any bargaining power, or labour rights to sickness or unemployment benefits, vacation etc. Ultimately, the workfare schemes might result, not in full employment, but in the construction of a two-tiered labour market characterised by divergent ideas of rights and duties.<sup>19</sup>

According to Margalit (1996), a *moral minimum* for practical policies in a ‘decent society’ is to be found in institutions that do not act in ways that provide sound reasons for a person to feel humiliated and rejected from community. In his argument “work under

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with the US Department of Health and Human Services. The institute has published a multitude of different regional studies that are far from unambiguous and far from optimistic.

<sup>18</sup> This right was established 250 years ago.

<sup>19</sup> If the move of clients from welfare to work turns out to be successful, this might affect working conditions at the lower end of the labour market. In compliance with indications from US, it is likely that ‘welfare’ will be transformed into ‘temporary work’ and “casual earnings so low as once to have been thought unacceptable for fellow citizens” (Solow 1998 p. 38). Since labour force participation is higher today than it was 2-3 decades ago, and includes other risk groups, Solows’ claim will certainly apply also to the future of the Scandinavian societies, given the preference for a ‘workfare path’.



coercion is a paradigmatic example of humiliation”, since coerced labour means the subordination of a person to a will of another (ibid. p. 255). Most of us are forced to work under the authority of others. The fact that *some* of us are obliged to work on second-rate terms, will however never pass the test of a ‘decent society’.

*Sanction: withdrawal of safety-net*

Social rights have never been entrenched in the same way as civil and political rights. Nevertheless, the majority of democratic welfare systems have guaranteed a safety-net for their citizens: no one should be denied basic and necessary goods. The adequate level of some of these goods, such as health, education, income and security, has always been a controversial issue. Yet, recently this discussion has been replaced by a far tougher discussion of “what should count as an adequate reason to *deny* citizens such a good, at whatever level it is provided” (Gutmann & Thompson 1996 p. 273, my italics). ‘Not fulfilling the duty to work on terms no other citizens would have accepted’, is an adequate reason, according to workfare politicians.

The moral challenge of workfare programmes is accentuated by this sanction, as participation in such programmes is ‘an offer you can’t refuse’ (Lødemel & Thickery 2000). Citizens have been given back some of the responsibility for the burden of risks; the risks are being de-collectivised, citizens’ lives are being re-commodified and the safety-net has become less secure.<sup>20</sup> The trend is towards a market-oriented ‘tough love’.

This labourist solution to peoples’ social and economic problems is questionable, both morally and financially. Firstly, the solution completely disregards the importance of non-paid, non-labour-market-work, and, secondly, it tends to minimize the importance of today’s labour market processes. Current documentations of drives towards growing socio-economic inequalities are overwhelming. Increasing flexibility of labour contracts, working hours, wages etc., and implementations of renewed national labour regulations, contributes to a noticeable ‘crumbling of labour market securities’ (Standing 1999 p. 131).<sup>21</sup> Increased flexibility may represent freedom and challenges for large groups of people. Marginal groups, however, will scarcely profit from labour conditions that entail a tougher struggle for decent working terms and incomes. Waged labour is not a protection from poverty.<sup>22</sup>

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<sup>20</sup> Some writers celebrate the transformation of the safety-net into a trampoline. For others, the preference for markets over people is morally disturbing.

<sup>21</sup> In Norway, a proposal for a more flexible working life was handed over to the Ministry in December 1999 (NOU 1999). The proposal is currently being circulated for comments.

<sup>22</sup> The groups of ‘working poor’ are growing, especially in the US, but also in Great Britain.

ALMP are today less successful than in the foregoing socio-economical transformation when the structural policy steered (re)trained unemployed into new jobs in emerging industries. In the current processes of flexibilisation and tertiarisation the situation calls for new solutions. Workfare is one of the solutions being discussed, and the one that is obviously preferred in diverse welfare states. Especially for the Scandinavian welfare states, workfare policies imply the abandoning of essential principles. Traditionally these states have carried out a public responsibility for social risks, through welfare and labour policies. Today, the trend in both areas is to disclaim responsibility for people's lives.<sup>23</sup>

### *Justice and recognition*

No legitimate government can neglect to treat its citizens with 'equal concern and respect'. The basic question is though, what kind of policy equal concern and respect requires (Dworkin 2000). This is of course an awkward question. However, by posing the question negatively it should at least be possible to indicate what the policy should *not* be like: What kind of policies is *inconsistent* with the treatment of everyone with equal concern and respect?<sup>24</sup> As I have characterised it, workfare is such a policy. The reasons for this are twofold:

Firstly, a welfare policy that obliges needy citizens to participate in second-rate, inferior work is not based on an idea of 'the equal status of all citizens', but rather on an idea of the unequal status of citizens; some people are accorded lesser privileges than others; they are of lesser value. The policy implies a social recognition of some citizens and the *denial of recognition* of others, and as such it is a policy of discrimination.

Secondly, the justification for denying needy citizens necessary means of subsistence is based on an assessment of the citizen's responsibility for his or her fate; the claimant is to blame for his/her situation. According to a widely held idea of justice, inequality is unjust if it is caused by circumstances outside the individual's control. However, causal relations of this sort may however be difficult to assess. In some cases it is obvious whether people's fates are caused by own choice such as lack of industry, or by circumstances, such as lack of work

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<sup>23</sup> E.g. Giddens argues for a transformation of the welfare state to a welfare society of 'responsible risk takers' (1998 p. 100). The EU-commission also predicts that many European citizens will potentially 'face a higher degree of uncertainty and social risk'. Their solution is as vague but not as tough as Giddens'; they suggest a combination of employment and social policies that ensures the appropriate balance between flexibility and security (COM (1999) 347 final).

<sup>24</sup> Principally, the understanding of what a good society requires, is limited compared to the knowledge we possess concerning the evils societies may cause, cfr. Margalit (1996) and Popper (1966).

opportunities. However, assessing how these causes interact is basically problematic, especially when it comes to unemployment; the interaction poses what Dworkin describes as ‘a strategic problem’ for most political theories (2000 p. 324). The core assumption in workfare policies, that non-work is caused primarily by lack of incentives, lack of will or of competence to assume responsibility for one’s own life, is thus rather strange. Not least in view of the current international situation where the working population’s risk groups are so readily classified in terms of gender, age, number of children, degree of education, ethnic origin, social and health handicaps, etc. The statistics clearly demonstrate that the probability of becoming ‘superfluous’ is a collective fate that is scarcely attributable to the individual (Habermas 2000 p. 30). The reasons to *deny* unemployed citizens basic goods are thus not sufficient to justify a policy of workfare.

Citizenship is a core institution of contemporary societies, essential to both justice and identity. According to Marshall, citizenship ensures that everyone is treated as a full and equal member of society, irrespective of class divisions and market-related achievements. This vision of a democratic citizenship has deeply influenced the institutions of the Scandinavian welfare states. Citizenship is however ambiguous, and involves some difficult problems, i.a. the problem of drawing a demarcation line between members and non-members. With the new workfare policies this line has been less inclusive as the recognition of citizens as full members of society increasingly is being based on the citizen’s market performance. The new policy is less concerned with ‘mutual recognition’ than with ‘mutual obligation’, less concerned with justice than personal morality. The basic normative challenge of workfare policy is that it ignores the fact that non-humiliating and just institutions matter.

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