



# **Social Citizenship and Workfare in the United States and Western Europe: From Status to Contract**

Joel F. Handler\*

**DRAFT, SEPTEMBER 2002. NOT TO BE QUOTED  
WITHOUT PERMISSION OF THE AUTHOR(S).**

*The views expressed in this paper are those of the author(s),  
and do not necessarily represent the views of BIEN or BIEN-Suisse.*

\* Richard C. Maxwell Professor of Law and Professor of Policy Studies, UCLA. Prepared for the Joint Meeting of the Canadian Law and Society Association (CLSA) and the Law and Society Association (LSA), May 30-June 1, Vancouver, Canada [handler@law.ucla.edu](mailto:handler@law.ucla.edu).



---

## **Contents**

1.	Introduction .....	1
2.	Social citizenship .....	4
2.1	Social citizenship in the United States .....	7
2.2	The European “Third Way” position .....	9
3.	The American welfare reform .....	12
3.1	The work experience of welfare recipients .....	14
3.2	The decline in the welfare rolls .....	16
3.3	Administrative capacity.....	17
3.4	Implementing sanctions.....	18
3.5	Some lessons from the American experience that might be applicable to Western Europe .....	20
4.	Workfare in Western Europe .....	23
5.	Contracts in bureaucratic relationships .....	43
6.	Those who remain.....	47



---

*“We have ended welfare as we know it.”*  
President Bill Clinton

*“No one has a right to be lazy.”*  
Chancellor Gerhard Schröder

*“Men fought for the right to live from their labour, not to be supported by the welfare state. Thus, progress demands reinventing the idea of the right to work, rather than shaping a right to income.”*

Pierre Rosanvallon

*“Insertion contracts are a load of rubbish, they don’t guarantee anything.”*  
French RMI recipient

## 1. Introduction

This paper deals with “welfare” in the United States, the programme primarily for poor single mothers and their families, and “workfare”- or, the preferred term, “activation” in Western Europe, the “active labour market policies” (ALMP) that deal primarily with the long-term unemployed, unemployed youth, lone parents, immigrants, and other vulnerable groups, usually lumped together as the “socially excluded.” I explore the ideologies that have led to these changes comparing different views of social citizenship. The Western Europeans argue that their changes, although they resemble the United States in some respects, are significantly different both in ideology and in practice. I raise questions about those claims.

The move towards active labour market policies in Western Europe represents a fundamental change in both the meaning of social citizenship and the administration of social welfare. Social benefits are rights that attach by virtue of status - the status of citizenship. Under the new regime, benefits become conditional. Rights only attach if *obligations* are fulfilled. In this sense, social citizenship changes from status to contract. What brought about this change? There have been significant changes in the labour market - an increasing demand for higher levels of skills and education, new service jobs for the low skilled, an increase in part-time and flexible work. While these changes have increased opportunities, they have also created barriers for the low skilled and under-educated, low wages, and employment insecurity especially for women and

---

youth.<sup>1</sup> There has been a major increase in female labour market participation. Most significantly, for more than two decades, most Western European countries have been struggling with sluggish economies and persistent long-term unemployment – called “Eurosclerosis.”<sup>2</sup> In some countries growth and employment have resumed, but in several, long-term unemployment remains high. There is deep concern about “worklessness,” the socially excluded. Welfare states are under great stress – from the unemployed, an aging population, rising health care costs; but government budgets are constrained by the monetary union.

The economic establishment and most political leaders think that a major part of the problem is the costs and inflexibility of the labour market, caused, in part, by an overly generous welfare state which discourages work and feeds a dependency culture. In order for employment to grow, labour must become more flexible and the welfare state must be changed from “passive” to “active.” An “active” welfare state will not only encourage job growth, it will also help bring the socially excluded back into the paid labour market and thereby restore true citizenship. It is a programme of *inclusion*.<sup>3</sup>

Thus, in both the United States and Western Europe, the proponents of workfare believe that the surest, most stable path to inclusion is via the paid labour market. Lawrence Mead says that the employable poor want to work, but that the permissiveness of the United States welfare system has led them astray. The poor need authority, the imposition of obligations. Mead is interested in helping, not punishing the poor.<sup>4</sup> Pierre Rosanvallon, in his book, *The New Social*

<sup>1</sup> European Union, *Joint Report on Social Inclusion. Part I-The European Union and Executive Summary*, pp.14-15.

<sup>2</sup> Huber, Evelyn and John Stephens (2001), *Development and Crisis of the Welfare State: Parties and Policies in Global Markets* (Chicago).

<sup>3</sup> Huber and Stephens argue that persistent unemployment is the primary cause of the changes in Western Europe. However, as will be discussed, Norway, with its oil surpluses and strong economy, adopted workfare, illustrating the importance of Third Way ideology.

<sup>4</sup> Lawrence Mead proposes extensive amounts of supporting services – considerably more than is currently spent on welfare per person. Mead, Lawrence (1986), *Beyond Entitlement; The Social Obligations of Citizenship* (Free Press).

---

*Question: Rethinking the Welfare State*,<sup>5</sup> believes that the workfare contracts between the government and the client will *empower* the client. It is through the welfare contract that the capacities of the socially excluded will be developed and they will be included back into society, into citizenship.

The thesis of this paper is that inclusion through workfare obligations is contradictory. Positive acts of inclusion necessarily result in *exclusion* - those who cannot negotiate the barriers. Some barriers are structural, many of which are beyond the control of welfare departments. Others are individual. The importance of the deficits in individual capacities is obvious. The point that I want to emphasize is administrative capacity - an issue of critical importance - but is often ignored or assumed away. Active programmes make significant new demands on field-level administration. Workfare is administered at the local offices. Field-level workers are now required to make individualized discretionary decisions as to whether the obligations have been fulfilled, what counts as an excuse, and what sanctions, if any, to impose. Selectivity rules invariably are complex. In addition to the usual forms of bureaucratic disenfranchisement – delays, frustrations, unfriendly relationships, errors, and so forth - behavioural tests require officials to interpret, apply, and monitor and rules and regulations, benefits and sanctions.<sup>6</sup> Organizations are responsive to their political and social environments for support and cooperation and to avoid hostility. To manage these conflicting demands, and get through the day, officials stereotype claimants, sort those who are more likely to respond, defer or sanction those who are judged to be difficult. There is inevitably *exclusion* - those who cannot, for whatever reason - comply with the rules.

In this paper, I will first introduce the concepts of social citizenship. Today, the concept of citizenship is much debated. It is argued, for example, that citizenship should be transnational or global rather than bound by the nation, that

<sup>5</sup> (2000), Princeton U. Press.

<sup>6</sup> Standing, Guy (1999), *Global Labour Flexibility; Seeking Distributive Justice* (St. Martin's Press) p. 261.

---

it is a process rather than a status.<sup>7</sup> Here, I will take the more traditional definition of social citizenship as developed in Western Europe in the decades following World War II. I contrast this definition with the concept of citizenship in the United States, which is based on contract rather than status. I then introduce the European “Third Way” which redefines social citizenship from status to contract in an effort to cope with the current strains on the welfare state. A brief description of the experience of the recent United States welfare state reforms highlights the questions that I raise concerning Western Europe. I discuss the changes in Western Europe - in ideology and in welfare state policies. Thus far, there is not a great deal of empirical data coming out of Europe,<sup>8</sup> but there are hints of significant similarities in administration. I conclude with an argument for a Basic Income Guarantee to provide, among other things, an exit option for welfare recipients when “contracting” with government.

## 2. Social citizenship

Citizenship commonly refers to a legal/political status within a nation state. The status has certain entitlements - the right to permanent residence within the state, to hold property, to use the legal system, and (with some qualifications) to vote and to hold office. Social citizenship refers to welfare state provisions - the supports that are designed to lessen the risks of sickness or disability, old age, unemployment, lack of income. States vary as to whether non-citizens can receive such benefits. Citizenship, then, describes concrete, positive, legal entitlements. Citizenship is also used in an ideological or symbolic sense - to distinguish people from others within the borders or from those who are outside the borders. It is often used as a term of exclusion, of moral superiority, a construction of the other.

<sup>7</sup> Bosniak, Linda (2000), *Universal Citizenship and the Problem of Alienage*, 94 Northwestern L.Rev. 94; Nussbaum, Martha (1996), *For Love of Country: Debating the Limits of Patriotism* (Beacon Press); Turner, Bryan & Peter Hamilton (eds), *Citizenship: Critical Concepts*, Vol.11 (Routledge); Falk, Richard (2000), *The Decline of Citizenship in an Era of Globalization*, *Citizenship Studies*, Vol.4, No.1, pp.5-17.

<sup>8</sup> Fafo Institute for Applied Social Science (2001), *Workfare in Six European Nations: Findings and evaluations and recommendations for future development* (The Norwegian Ministry of Health and Social Affairs; Fafo Institute for Applied Social Science).



---

Social citizenship rights are commonly analyzed in economic terms - e.g., decommodifying labour, protection against risks to earning capacity, reducing poverty. The core, though, of social citizenship rights, as with all citizenship rights, is fundamentally moral. Redistribution is an act of solidarity, of *inclusion*. The moral issues are multi-dimensional. They are captured in the Anglo-American concept of the "undeserving poor." Although ostensibly about work effort, these moral judgments involve race, ethnicity, gender, family responsibilities, sexuality, and various forms of deviant behaviour.<sup>9</sup> Western Europe is experiencing increasing strains in solidarity from the socially excluded and the huge volume of cross-border migration from all over the world.<sup>10</sup>

As stated, this paper will be restricted to the traditional concept of social citizenship developed in Western Europe in the decades following World War II, now referred to as the Golden Age. The initial formulation of social citizenship is attributed to the British economist, T.H. Marshall. In Marshall's formulation, *civil rights*, developed in the 18th Century, included free speech, access to the legal system, rights to a fair trial, and rights of contract and property. *Political rights* - the extension of the franchise, the secret ballot, the right to hold office - were products of the 19th Century (for men). *Social rights* belong to the 20th Century - entitlements to social security when faced with unemployment, sickness, old age, and other kinds of hardship, that is, protections from the rigors of capitalist labour markets.<sup>11</sup>

<sup>9</sup> Smith, Rogers *Civic Ideals: Conflicting Visions of Citizenship in United States History* (New Haven: Yale U. Press 1997); Forbath, William (2002), *When Jews, Italians, Greeks, and Slavs Belonged to Races Different From "We, The People": Race, Class, and National Identity in Immigration Law and Policy, 1882-1924* (draft).

<sup>10</sup> See Bhabha, Jacqueline (1998) "Get Back to Where You Once Belonged": *Identity, Citizenship, and Exclusion in Europe*, *Human Rights Quarterly*, Vol.20, pp.592-627; Tamas, G.M. (2000), *On Post-Fascism: How Citizenship is Becoming an Exclusive Privilege*, *Boston Review*, Summer, pp.42-46. The requests for political asylum in Western Europe now vastly exceed the requests made in the United States. NY Times article.

<sup>11</sup> Marshall, Thomas (1950) *Citizenship and Social Class* (Cambridge); Turner, Bryan (1992) "Outline of a Theory of Citizenship," in Mouffe, Chantal (ed.), *Dimensions of Radical Democracy* (Verso), pp.35-

---

Marshall was concerned with the contradiction between formal political equality and individual freedom, on the one hand, and significant social and economic inequality on the other.<sup>12</sup> The social entitlements of the welfare state would reconcile, or at least lessen the conflicts between capitalism and civil and political citizenship.<sup>13</sup> Social rights would enable people to exercise civil and political rights. Social rights would give individuals a sense of security, which, in turn, would foster a sense of a collective identity between the state and its citizens. He coined the term "social citizenship."

At the time that Marshall wrote, the economies of Western Europe enjoyed expanding growth and very low unemployment rates. It was during this period that the exemplary welfare states were created. Although the various countries took different paths, nevertheless, according to Esping-Anderson, the starting point was the granting of rights with "the legal and practical status of property rights"<sup>14</sup> Because these rights are based on "citizenship rather than performance, they will entail a decommodification of the status of individuals *vis-a-vis* the market."<sup>15</sup> Decommodification is a matter of degree. The extent to which an individual is liberated from the market depends on the nature of the social benefit - both the conditions of aid and its adequacy. When benefits are low and based on need, the market is actually strengthened. Even when benefits are generous and based on fairly strong insurance-like entitlements, there still will not be much decommodification, if contributions are based on employment.<sup>16</sup> It was only in the late 1960s and 1970s that some states approached decommodification - with a minimum proof of medical impairment, one could receive sickness insurance benefits equal to his or her normal wage as long as that individual thinks

<sup>12</sup> Turner (1992).

<sup>13</sup> Hemerijck, Anton (1999), *Prospects for Inclusive Social Citizenship in an Age of Structural Inactivity* (Mapf working paper 99/1 Feb).

<sup>14</sup> Esping-Andersen (1990), *The Three Worlds of Welfare Capitalism* (Princeton U. Press).

<sup>15</sup> Esping-Andersen (1990), p.3.

<sup>16</sup> Esping-Andersen (1990), p.22.

---

necessary. The same would be true for unemployment, pensions, maternity leave and child care.

Looking at various social welfare states in terms of social rights and social stratification, Esping-Anderson constructed his well-known three clusters of regime-types:

- § The "liberal" state (the United States, Canada, Australia) consists mainly of means-tested, low benefits designed to reinforce labour-market participation; here, decommodification is at a minimum.
- § In the historic corporatist-statist model (Austria, France, Germany, Italy), status differences are upgraded to take account of new class structures. There is only modest redistribution. There is considerable emphasis on the traditional family -- family benefits encourage motherhood and discourage mothers in the paid labour force (e.g., minimal day care benefits).
- § In the "social democratic" regime-types (Scandinavia), universalism and decommodification have been extended into the new middle classes to promote equality between workers and the middle class. While benefits reflect earnings, there is no private social insurance market. Family costs are socialized to allow women to choose the labour market. The viability of this high cost welfare state depends on most people working and the fewest number dependent on transfers.<sup>17</sup>

## **2.1 Social citizenship in the United States**

Fraser and Gordon note that in the United States while there is a rich discourse on civil citizenship - civil rights, individual liberties, freedom of speech

<sup>17</sup> While Esping-Anderson argues that most welfare states do cluster along the three types in terms of the quality of social rights, social stratification, and the relationship between state, market, and family, he emphasizes that none are pure; all incorporate elements of the others - for example, the United States social security system is redistributive and compulsory.

---

- there is almost a total absence of the term “social citizenship”. The reason is that “social citizenship” implies entitlements. "People who are 'social citizens' get 'social rights,' not 'handouts.'" In the United States, “Welfare is usually considered grounds of disrespect, a threat to, rather than a realization of citizenship. The connotations of citizenship are so positive, powerful and proud, while those of 'welfare' are so negative, weak, and degraded, that 'social citizenship' here sounds almost oxymoronic.”<sup>18</sup> In the United States, welfare was always coupled with obligations, a contract. It is not a formal, legal contract, but contract based on the moral obligations of citizenship. There is always the concern that severing the link between work and income would erode the work ethic.

With the War on Poverty and the legal rights movements in the 1960s, welfare became an “entitlement.” Conservatives then attacked the liberal welfare regime on two fronts. Charles Murray, in *Losing Ground* (1984)<sup>19</sup> argued that the Great Society programmes of the 1960s, by rewarding the “undeserving poor,” were responsible for the rise in unemployment, crime, single-parent households, and out-of-wedlock births among African-Americans. Lawrence Mead, in *Beyond Entitlement: The Social Obligations of Citizenship* (1986)<sup>20</sup> argued that by not insisting on behavioural changes - primarily work - these policies resulted in an erosion of the work ethic. The poor want to work, want to be responsible citizens, but “it is something they would like to do, but not something they feel they must do at any cost. It is an aspiration but not an obligation.”<sup>21</sup> Mead says that workfare is not coercive; rather it is an exercise in authority.<sup>22</sup> As will be discussed, in the

<sup>18</sup> Fraser, Nancy & Linda Gordon (1994) “*Civil Citizenship Against Social Citizenship? On the Ideology of Contract-Versus-Charity*” in van Steenberg, Bart (ed.), *The Condition of Citizenship* (Sage).

<sup>19</sup> Basic Books.

<sup>20</sup> Free Press.

<sup>21</sup> Mead (1986), p.162.

<sup>22</sup> Mead (1986), p.166.

---

1980s, the liberals also endorsed the obligation to work.<sup>23</sup> And this is now the current United States welfare policy. Entitlements have been abolished. Welfare recipients have obligations, not rights. “Contract” remains the moral definition of social citizenship.

## 2.2 The European “Third Way” position

As noted, the Conservatives or neoliberals look at the United States and now the United Kingdom and argue that labour has to become more “flexible” - more part-time jobs, less protection against lay-offs, lower employment-related benefits, lower payroll taxes - and the welfare state has to be changed from “passive” to “active” to provide incentives for the socially excluded to enter the labour market. The opposition says that in the United States, there is unprecedented inequality and growing poverty. In most Western European countries, the Conservatives had been rejected. Social Democrats were returned to office with the pledge of finding a path to economic recovery that will, at the same time, preserve the welfare state. There have been some changes in the welfare states, but so far, the basic programmes - pensions, disability, and health care - have remained in tact, which, with changes in labour and demography, are now very costly. In most countries, unemployment remains unacceptably high, especially for the most vulnerable, the conflicts between the haves and have-nots have not diminished, and tensions over immigrants are increasing, but the demands for welfare state preservation, if not expansion, conflict with the budgetary austerity requirements of the European Union. There now seems to be swing back to the Conservatives.

In an attempt to move out of this impasse, the Social Democrats adopted the “Third Way” which seeks to steer a middle course between the traditional defenders of the existing welfare state and the neoliberals who want to dismantle the welfare state. I take as one example of the Third Way, Pierre Rosanvallon, and

<sup>23</sup> Ellwood, David (1988), *Poor Support: Poverty in the American Family* (Basic Books); Garfinkel, Irwin and Sara McLanahan (1986), *Single Mothers and Their Children: A New American Dilemma* (Urban Institute Press).

---

an intellectual figure within the “second left” in France.<sup>24</sup> Agreeing with the neoliberals, Rosanvallon thinks that with long-term unemployment and social exclusion, the passive welfare state becomes “pernicious.” It destroys solidarity by increasing the indirect costs of labour which eventually further reduces employment.<sup>25</sup> Is there a way out? The “logic of solidarity” will now have to be built on a system of direct redistribution, which will rely on citizenship, and citizenship, in turn, depends on “a sort of moral covenant.” Here, Rosanvallon develops his ideas of contract. There are individual differences which may account for social exclusion. Certain differences should be dealt with through anti-discrimination policies: others, such as disability, through social and political means. But the central problem revolves around “behaviourable” variables - the disparities that arise from “voluntary actions” which are both moral and psychological. The welfare state has to deal with these individual differences.

There has to be a new form of reintegration with “an expanded reunderstanding of social rights.” This means changing “payment for idleness to payment for work.” This is the “right to work.” The right to work has to be applied to the specific individuals. Rosanvallon recognizes that there is a history of requiring work which runs the risk of controlling behaviour. How are the negative effects to be avoided? A new conception of the social management of employment has to be created. This would build on the concept of inclusion. The reforms in France (the RMI) and the United States are good examples of this middle way. They are based on a mutual commitment between the individual and the collective. The excluded have a right to a minimum income to allow them to re-enter society but also a contract - the beneficiary’s “commitment to inclusion.” The commitments are diverse: training, public works, personal efforts are readjustment (e.g., detoxification). These are individually determined – the

<sup>24</sup> The “second left” distinguishes itself from the traditional; Jacobin left by its rejection of centralized, statist methods. Similar to the conservatives, the “second left” criticizes state solutions and bureaucracy. Instead, they seek strong associations - grassroots organizations, bottom-up politics, collective bargaining, and civil society - as the key to creating a progressive social and economic order. Rejecting neo-liberalism, the “second left’s” agenda used to be a non-statist road to socialism; now it is a non-statist road to social democracy. Jonah Levy (2001), e-mail communication, June 27.

<sup>25</sup> Rosanvallon, p.57.

---

“individualized right.” RMI does supervise behaviour; thus, it is not a right in the strictly legal sense, but it also not “legal charity.” He calls RMI a “third type of society” - neither traditional social aid nor classic social protection which is mechanically distributed to beneficiaries. This is the same with the current American welfare, which will soon become familiar in Europe. “Neither the market nor the state can ‘solve’ the problem. In both cases, social rights are reinterpreted as a contract articulating rights and obligations.”<sup>26</sup> Democratic inclusion has to be based on equality through contract.

According to Rosanvallon, the relationship of contract will be empowering. Individuals become full members of society. They not only have the right to live, “but the right to live in society.” The obligation is also a “positive constraint” on society. Society is to take rights “seriously.” This is the “path of mutual involvement.” “The subject is considered an autonomous, responsible person capable of making commitments and honouring them.”<sup>27</sup> Thus, the RMI contract “is not a restriction of freedom but an instance of constructing society, a radical reconsideration of the organizing principles of individualistic society.”<sup>28</sup> He calls this “contractual individualism.”<sup>29</sup>

While there are many negative attitudes and stereotypes implicit in the recent welfare changes, this is not true of Rosanvallon, the Third Way, and many of the United States liberals who now favour obligations. Rather, they believe that re-integration into the paid labour market is the one sure way of re-establishing social citizenship. Nevertheless, there are many objections to this re-definition of social citizenship. Clients are to become integrated through contract, a contract of obligation. In theory, contract assumes independent, knowledgeable, voluntary individuals. It is here that the concern arises. The assumption of equality of contracting parties is far from reality. Welfare recipients are dependent people;

<sup>26</sup> Rosanvallon., pp.84-87.

<sup>27</sup> Rosanvallon., p.88.

<sup>28</sup> Rosanvallon. p.88.

<sup>29</sup> R. osanvallon, p.92.

---

they are in no position to bargain. We will return to this issue more fully after we review the experience in the United States and Western Europe.

### 3. The American welfare reform

Under the 1996 reform, welfare is no longer an “entitlement.” Temporary Assistance to Needy Families (TANF) has replaced AFDC.<sup>30</sup> What is new is the significant ideological and policy commitment to work, enforced by time limits. Previously, welfare would last as long as the youngest child was under 18. Now, recipients cannot receive welfare for more than two continuous years and there is a cumulative five-year limit on federal cash assistance (with exceptions for no more than twenty percent of the caseload). States are required to move an increasing percentage of welfare recipients into the work force increasing to fifty percent by 2002. States are required to reduce grant amounts for recipients who refuse to participate in “work or work activities.”<sup>31</sup>

The basis of the reform is the “work first” strategy. The assumptions behind this position are:

- § there are plenty of jobs for those who want to work;
- § by taking any job, even an entry-level job, and sticking with that job, a person will move up the employment ladder;

<sup>30</sup> Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

<sup>31</sup> In addition to the work requirements, there are a variety of provisions dealing with “family values.” For example, the Act prohibits the use of federal funds for minor parents less than eighteen years of age who are not in school or other specified educational activities or living in an adult-supervised setting. States are required to reduce a family’s grant by 25 per cent if they fail to cooperate (without good cause) with efforts to establish paternity. States may eliminate cash assistance to families’ altogether, or provide any mix of cash or in-kind benefits they choose. They can deny aid to all teenaged parents or other selected groups; deny aid to children born to parents receiving aid; deny aid to legal immigrants (since modified); or establish their own or lower time limits for receipt of aid. States can provide new residents with benefits equal to the amount offered in their former states for up to one year (since ruled unconstitutional). States may choose to deny cash assistance for life to persons convicted of a drug-related felony (which in many states can consist of possession of a small amount of marijuana).



- 
- § the problem with welfare recipients is that they do not have the motivation or the incentives to leave welfare and enter the paid labour markets; and,
  - § the state programmes have shown that recipients can be moved from welfare to work. The idea is to move not only current recipients but also applicants - before they get on welfare - into the labour market as quickly as possible rather than place them in longer-term training or education programmes.

Despite the publicity, the results of the prior state demonstration projects have been very modest. There was very little difference in employment between the control groups and the experimentals; earnings increased only about \$500 per year and often failed to account for the costs of working, and most leavers remained in poverty. Welfare payments were reduced, thus resulting in welfare savings for the government.<sup>32</sup> The reason for these modest results is that the assumptions behind welfare-to-work programmes are totally misconceived as to the characteristics of the low-wage labour market and who welfare recipients are.

The “success story” of the United States economy is well known. Since 1990, over 20 million new jobs have been created with low unemployment and inflation. On the other hand, there has been stagnation in the real wages of the less skilled, less educated workers.<sup>33</sup> For a while, the inequality in women's wages narrowed, primarily because of an increase in the hours worked and the decline in male earnings<sup>34</sup> Jobs are increasingly contingent or short-term, and without benefits. Hours per week vary a great deal causing conflicts with family arrangements,

<sup>32</sup> Michalopoulos, Charles, Christine Schwartz with Diana Adams-Ciardullo (2000), *National Evaluation of Welfare-to-Work Strategies. What Works Best For Whom: Impacts of 20 Welfare-to-Work Programmes by Subgroup. Executive Summary* (Manpower Demonstration Research Corporation, August), pp.4, 7-8. The analysis excluded the Earned Income Tax Credit as well as work-related expenses such as payroll and income taxes, child care costs, and transportation costs. p.8; MDRC Ctstudy.

<sup>33</sup> Freeman, Richard (2000), *The Rising Tide Lifts . . . ?*, Focus, Vol.21, No.2, Fall, pp.27-37.

<sup>34</sup> Mishel, Lawrence, Jared Bernstein & John Schmitt (1999), *The State of Working America 1998-99* (Economic Policy Institute, pp.134-35).

---

other jobs, and transportation.<sup>35</sup> Turnover rates among new hires are high.<sup>36</sup> Thus, employment instability and low wages continue to be a major problem for the less-skilled and disadvantaged workers - young workers, minorities, single parent families, and those who lack a high-school diploma.<sup>37</sup> Low-wage workers are not moving up the economic ladder.<sup>38</sup> Strict time limits on welfare fail to take into account the instability of lower-wage work.<sup>39</sup> Given the characteristics of the low-wage labour market, it is no surprise that there are still millions living in poverty or close to it. In 2000, 11.3 per cent (31 million people) were living below the official poverty line of \$17,603 for a family of four.<sup>40</sup> Moreover, 13.8 million had incomes of less than one-half of the poverty line.<sup>41</sup> Thus, although more Americans are working harder, inequality and poverty remain severe among the working poor.

### 3.1 The work experience of welfare recipients

Contrary to the stereotype, most welfare recipients are adults with small families (1.9 children, on average) and are on welfare for relatively short periods - between two and four years. Long-term dependency (five years or more) is rare - perhaps as low as fifteen percent. The largest proportion of welfare recipients are connected to the paid labour market. Many package works with welfare and the

<sup>35</sup> Lambert, Susan, Elaine Waxman and Anna Haley-Lock (2001), *Against the Odds: A Study of Instability in Lower-Skilled Jobs* (School of Social Service Administration, U. of Chicago), p. 13.

<sup>36</sup> Lambert et al. (2001), p. 19.

<sup>37</sup> Burtless, Gary (1999), *Growing American Inequality: Sources and Remedies*, Brookings Review (Winter), pp.31-35.

<sup>38</sup> Mishel et al. (1999) Katz and Allen, *supra*, p.8; Wright, Erik and Rachel Dwyer (December 2000/January2001): The American Jobs Machine: Is The New Economy Creating Good Jobs? The Boston Review, Volume 25, Number 6, pp. 21-26.

<sup>39</sup> Lambert et al. (2001), p. 19.

<sup>40</sup> United States Census Bureau (2001), *Poverty in the United States*, p

<sup>41</sup> *Poverty in the United States, 1998* (United States Census Bureau, Current Population Reports, Consumer Income. Hecllo, Hugh (1994), "Poverty Politics," in Danziger, Sheldon, Gary Sandefur, and Daniel Weinberg (eds.), *Confronting Poverty: Prescriptions for Change* (Harvard University Press), p. 420.

---

most common route off of welfare is via a job. However, those who leave welfare often have to return. The low-skilled labour market produces cycling back and forth between work and welfare.<sup>42</sup> They have to use welfare because in most states, they do not qualify for Unemployment Insurance.<sup>43</sup>

Welfare recipients do not fare particularly well in the competition for these low-skilled jobs. Employers of low-skilled workers are looking for high school diplomas, work experience, and mainly social skills (“soft skills”). They often hire through networks, and, in general, prefer workers with similar ethnic backgrounds. African-Americans are at the end of the queue. Nevertheless, between half and two-thirds of leavers find jobs shortly after leaving welfare.<sup>44</sup> Most of the jobs are in sales, food preparation, clerical support, and other service jobs. There are substantial periods of unemployment. The pay is between \$5.67 to \$8.42 per hour. Average reported annual earnings range from \$8,000 to \$15,144, thus leaving many families in poverty. Most do not receive employer-provided health insurance, paid sick or vacation leave.<sup>45</sup> It would be hard to exaggerate the difficulties of child care for poor working mothers; yet most do not receive child care subsidies.<sup>46</sup> Under the new law, welfare recipients no longer automatically

<sup>42</sup> Handler, Joel & Yehekel Hasenfeld (1997), *We the Poor People: Work, Poverty, and Welfare* (Yale University Press).

<sup>43</sup> Some do not satisfy the minimum hours and earnings requirements given the instability of many of their jobs, including the instability within the job itself discussed above. Most fail to satisfy the “non-monetary” requirements.” “Non-monetary eligibility” conditions mean that the work separation was through no fault of the worker, excluding separations for misconduct or a voluntary quit, and the worker must seek and be willing to accept available work. In many states, “available work” means full-time work regardless of how many weekly hours the applicant worked in the last job. Women, especially married women, are much more likely than men to have “involuntary” reasons for leaving a job - i.e., quitting a job because of child care and other family responsibilities and transportation difficulties. In other words, for these women, welfare is the equivalent of unemployment compensation.

<sup>44</sup> Loprest, Pamela (1999), *Families Who Left Welfare: Who Are They and How Are They Doing?*, Urban Institute Discussion Paper, 10.

<sup>45</sup> Strawn et al., p.6-7.

<sup>46</sup> Pavetti, LaDonna (1999), *How Much More Can Welfare Mothers Work?* Focus, Vol.20, Number 2, Spring, p.16.

---

qualify for Medicaid and Food Stamps and there has been a serious drop in enrolments.<sup>47</sup>

Those still remaining on the rolls have the most serious barriers to employment. Nearly 50 per cent of recipients have not completed high school.<sup>48</sup> Three-quarters of the adults on welfare have at least one potential barrier to employment including poor mental or physical health, limited education, minimal or no work experience, and family responsibilities.<sup>49</sup>

### 3.2 The decline in the welfare rolls

If employment is so uncertain, then what accounts for the dramatic decline in the welfare rolls? The welfare rolls have fallen from 12.2 million people in 1996 to 5.3 million.<sup>50</sup> Politicians, of course, claim that welfare reform is “working” - despite the fact that rolls were declining significantly before many of the work requirements were enacted.<sup>51</sup> Most economists agree that the macro economy is responsible for a decline in the welfare rolls, but differ as to the relative importance of the economy versus welfare reform; estimates as to the effect of welfare reform range from “trivial” to 30 to 40 per cent.<sup>52</sup>

<sup>47</sup> Greenberg, Mark & Michael Larcy (2000), *Welfare Reform: Next Steps Offer New Opportunities* (Neighbor Funders Group), p.12.

<sup>48</sup> Pavetti (1999).

<sup>49</sup> Danziger, Sandra et al. (2000), *Work, Income and Material Hardship After Welfare Reform*. Journal of Consumer Affairs, p.34.

<sup>50</sup> Pear, Robert (2002), *House Democrats Propose Making the '96 Welfare Law an Antipoverty Weapon*, N.Y. Times, January 24, A, 24.

<sup>51</sup> DeParle, Jason, *Lessons Learned: Welfare Reform's First Months – A Special Report: Success, Frustration, as Welfare Rules Change*, N.Y. Times, Dec.30, 1997, A 1; Brito, Tonya, *The Welfarization of Family Law* (ms. 1999) For example, rolls had declined 26 percent in Maryland, 24 percent in Wisconsin, 21 percent in Indiana, 18 percent in Oklahoma, 15 percent in Louisiana, and 14 percent in Michigan. Pear, Robert, *Most States Find Goals on Welfare Within Easy Reach*, N.Y. Times, Sept.23, 1996, A1.

<sup>52</sup> Figlio, David & James Ziliak, “Welfare Reform, the Business Cycle, and the Decline in AFDC Caseloads” (ms, March 1999), p.4; Meyer, Bruce and Dan Rosenbaum, “Welfare, the Earned Income

---

A major difficulty involves what is meant by “welfare reform.” There are a number of possibilities: the welfare-to-work programmes; the time limits; the sanctions, or combinations of all three. Another complication arises from the use of discretion in administering these reforms. Not only the states, but also the individual offices vary greatly in how they interpret and apply these rules.<sup>53</sup> Then, there has been a significant increase in benefits to working families that provide strong incentives to work but are not considered part of “welfare reform.” Since the late 1980s, benefits have increased from about \$5 billion (1997 dollars) in federal aid to more than \$50 billion in 1997. About half of this growth is with the Earned Income Tax Credit - a refundable tax credit of up to 40 per cent of earnings for low-income families.<sup>54</sup> Some scholars consider the Earned Income Tax Credit the single most important influence on the decline in welfare rolls.<sup>55</sup> Other factors could include the increase in the minimum wage in 1997.<sup>56</sup>

### 3.3 Administrative capacity

Since the 1960s, the federal and the state governments imposed strict quality control measures on local offices. The focus is on reducing eligibility and payment errors. Extensive documentation is required including birth certificates, Social Security numbers, all changes in income and assets, as well as other eligibility and income data. The 1996 welfare reform requires extensive changes from eligibility compliance to individual, intensive casework guiding clients into

Tax Credit, and the Labour Supply of Single Mothers,” (National Bureau of Economic Research, Working Paper Series, Sept.1999); Ellwood, David, “The Impact of the Earned Income Tax Credit and Social Policy Reforms on Work, Marriage, and Living Arrangements” (Harvard University, Kennedy School of Government, ms, Nov.1999); Council of Economic Advisors, Technical Report: The Effects of Welfare Policy and the Economic Expansion on Welfare Caseloads: An Update (August 3, 1999), p.5

<sup>53</sup> This has convinced some economists that they cannot look at data since 1996. Figlio, *supra*.

<sup>54</sup> Ellwood, p.3; Figlio et al; Meyer, Bruce and Dan Rosenbaum, *Welfare, the Earned Income Tax Credit, and the Labour Supply of Single Mothers*, (National Bureau of Economic Research, Working Paper Series, Sept.1999);

<sup>55</sup> Meyer and Rosenbaum, *supra*.

<sup>56</sup> Stapleton, David et al. (2001), *How Well Have Rural and Small Metropolitan Labour Markets Absorbed Welfare Recipients?* The Lewin Group, April, Executive Summary.

---

the labour market, but this has not happen. At the street-level, the focus is still on reducing errors and eliminating fraud and getting the work done in a timely manner.<sup>57</sup> The TANF requirements were simply added to this culture of compliance which has greatly increased administrative burdens. Many more client contacts are necessary to both guide and check on workfare progress and compliance, but information systems are inadequate, and workers are often unable to obtain even basic information on individual recipients. In some states, workers could even tell clients how much time they had left.<sup>58</sup>

### 3.4 Implementing sanctions

Most states have chosen to implement strict sanctions. Thirty-seven states have full-family sanctions for violations of work and other personal responsibility requirements.<sup>59</sup> At least 31 states have implemented some form of diversion programme.<sup>60</sup> A widespread practice is to require applicants to conduct job search while the application is pending. Requirements range from two to six weeks and from two to 40 employer contacts before benefits can start. The responsibility is on the individual rather than the programme. Again, there is considerable caseworker discretion as to who is required, who is excused, and what constitutes an excuse.

<sup>57</sup> Gais, Thomas, Richard Nathan, Irene Lurie and Thomas Kaplan (2001), *The Implementation of the Personal Responsibility Act of 1996: Commonalities, Variations, and the Challenge of Complexity* (Conference for *The New World of Welfare: Shaping a Post-TANF Agenda for Policy*, Brookings Institution, Washington, D.C., February 1-2). Gais et al. pp.13-16.

<sup>58</sup> Gais et al., pp.33-34.

<sup>59</sup> In 15 of these states, the full-family sanction is imposed immediately; in the remaining 22, the grant is initially reduced as a warning signal. In seven states, continued or repeated non-compliance may result in a lifetime ban. Only six states use the lesser sanction - eliminating the non-compliant adult only and continuing the grant for the children. The remaining eight states have increased the amount of the sanctions but do not completely eliminate the family grant. Some of these states only provide assistance in the form of vendor payments. Pavetti, LaDonna and Dan Bloom (2001), *Sanctions and Time Limits: State Policies, Their Implementation, and Outcomes for Families* (Brookings Conference: *The New World of Welfare: Shaping a Post-TANF Agenda for Policy*, sponsored by the Gerald Ford School of Public Policy, University of Michigan, Feb.1-2, Washington, D.C.).

<sup>60</sup> Diller, Matthew (2000), *The Revolution in Welfare Administration: Rules, Discretion and Entrepreneurial Government*, 75 N.Y.U. Law Review 1121.

---

There are difficulties in communicating the most basic information about sanctions and time limits.<sup>61</sup> Despite repeated explanations, recipients did not understand them and large numbers of recipients were not aware that they had been sanctioned, or what was expected of them or what benefits they would lose and for how long.<sup>62</sup> Virtually all states have some form of grievance procedure where clients can appeal.<sup>63</sup> In the past, the right of appeal in welfare cases was largely ineffectual.<sup>64</sup> Under the present regime, there is more confusion and lack of awareness.

It is now clear that states make widespread use of sanctions.<sup>65</sup> A GAO study (1998) found that an average of 135,800 families each month (4.5 per cent of the national caseload) received a full or partial sanction; an average of 16,000 families were cut completely.<sup>66</sup> Seven states reported that sanctions accounted for one-fifth or more of their case closures in 1999.<sup>67</sup> Sanctioned recipients have a number of employment barriers. Most sanctions are imposed because of missed appointments and deadlines; clients are seldom aware of “good cause” exemptions and often think that the sanctions for non-participation are more severe than

<sup>61</sup> Pavetti and Bloom, p.8-9.

<sup>62</sup> Pavetti and Bloom, p.9; Hasenfeld, Yeheskel, T.J. Ghose & Kandyce Hillesland-Larson, *Characteristic of Sanctioned and Non-Sanctioned Single-Parent CalWORKS Recipients; Preliminary Findings from the First Wave Survey in Four Counties: Alameda, Fresno, Kern, and San Diego* (UCLA School of Public Policy and Social Research, The Lewis Center for Regional Policy Studies, December 6, 2001. Lawrence Mead found that work programmes that sanctioned many cases tended to perform poorly in terms of job placements and other performance measures. Offices that performed well-made work expectations clear in more effective and informal ways. They threatened sanctions but rarely needed to impose them. Pavetti and Bloom, p.9.

<sup>63</sup> Utah requires a “case staffing” to develop a plan to avoid the sanction. In Tennessee, a required review prior to termination reduced the number of cases sanctioned incorrectly by over 30 per cent. Pavetti and Bloom, pp.10-11.

<sup>64</sup> Handler, Joel (1986), *The Conditions of Discretion: Autonomy, Community, Bureaucracy* (Russell Sage Foundation).

<sup>65</sup> Haskins, Ron and Rebecca Blank (eds), (2001), *The New World of Welfare* (The Brookings Institution), p.24

<sup>66</sup> Hasenfeld et al., p.11.

<sup>67</sup> Pavetti and Bloom, pp.19-21; Hasenfeld et al., pp.11-14.

---

they are in fact. These results indicate the difficulty that welfare offices have in adequately communicating welfare requirements and sanctions to clients. It is the combination of cognitive barriers and poor communication that is a major predictor of sanctions.<sup>68</sup> Many agency staff firmly believes that sanctions communicate the seriousness of the requirements.<sup>69</sup> Other studies show that neither the threat of sanctions nor the imposition of sanctions changes behaviour. The available data suggests that most people do not comply with programme requirements even after a sanction is imposed.<sup>70</sup>

### **3.5 Some lessons from the American experience that might be applicable to Western Europe**

Here, I draw out some important, general characteristics of the American welfare experience and ask, to what extent are these possibly issues for the Europeans.

Welfare office strategies: moral typification; myth and ceremony

Prior work programmes were never really enforced. Most recipients were deflected (put on administrative “hold”) and few got jobs. The reason for the general failure of implementation was the lack of administrative capacity. I described how the offices were changed to emphasize strict monitoring controls; the staff became eligibility clerks and technicians who are under trained, underpaid, and overworked. Yet, policymakers make the political, symbolic gestures of reform and not worry about administration. This is especially true with the welfare-to-work programmes. The path that welfare has taken is thus contradictory. The emphasis on controlling “waste, fraud, and abuse” has resulted in bureaucratization, computerized rule enforcement, and the proletarianization of

<sup>68</sup> Hasenfeld et al., pp.11-12.

<sup>69</sup> Kaplan, p.6 Rector and Yousef find that states with an immediate full-family sanction had an average caseload decline of 41.8 per cent (between January 1997 and June 1998) which was 24 per cent higher than states which only deducted the adult’s portion of the grant.

<sup>70</sup> Pavetti and Bloom, pp.15-16.



---

the workforce - in short, an organization that is administratively incapable of carrying out work programmes which, at least in theory, are supposed to require individualized consultation and assessment, planning, contracts, supervision, and follow-up. Further complicating implementation is the delegation of authority. Federal and state work requirements are in the form of mandates which addressed to the local offices. There are over 3,000 counties in the United States, in the larger counties; there are several local offices. Thus, there are thousands of local variations in the day-to-day administration of the work programmes. These local offices, in turn, often have to rely on other local service providers (e.g., employment, training) who have missions other than serving welfare recipients.

Recipients must accept suitable offers of employment or participate in pre-employment activities; if, without cause, they fail to do so, they are subject to sanction. Within these seemingly simple requirements, lie volumes of rules, regulations, standards, and interpretations. There is an enormous amount of paperwork; everything has to be documented and computer systems are often faulty. But despite the quantity of rules, a great many of the most crucial decisions require discretion on the part of the field-level workers. The work programme is an add-on to the welfare office. Now, the welfare office is directed to run an employment programme, but it is not an employment service. It doesn't want to be an employment service, it doesn't have the expertise, and although it is often given additional resources, they are rarely sufficient. All organizations, welfare agencies, community colleges and adult education programmes seek legitimacy and support from their environments. They try to present themselves as efficient, capable institutions that are fulfilling their mission. Thus, welfare agencies will select clients who fit the rules, who follow the rules, and who don't cause problems.

Selecting, processing, and changing people involve moral judgments. Yeheskel Hasenfeld has described the process as moral typification.<sup>71</sup> Workers classify clients according to pre-conceptions. The welfare agency will attempt to

<sup>71</sup> Hasenfeld, Yeheskel (1983), *Human Service Organizations* (Englewood Cliffs, N.J.: Prentice Hall).

---

select those clients who fit organizational needs. They screen in confirming information and ignore conflicting information. Client responses become self-fulfilling prophecies.<sup>72</sup> Programmes select and train the most promising and deflect those who may need the services the most. Agencies punish those fail to comply. Workers apply rules strictly, impose sanctions, minimize errors, and try to get through the day as quickly and painlessly as possible. Requests for change or required change consume scarce administrative time and run the risk of error. Clients with problems become problems. Whatever the programme demands, the staff response will be survival, and not necessarily service to clients. Because individual field-level decisions are shrouded in factual assessments, supervision is difficult, assuming there is the will to do so.<sup>73</sup>

The idea of the “contract” in this setting is an exercise in myth and ceremonies. In her study of JOBS in Chicago, Evelyn Brodtkin and her colleagues, showed how the caseworkers fit the client into available slots and ignored information about service needs they could not respond to. Caseworkers would send clients on job searches even though the clients did not meet the required level of education or literacy proficiency. “Favoured” clients received education or vocational training. In discussing the impact of “performance-based contracts,” Brodtkin says, “[Such] contracts were almost perfectly designed to reward [service contractors] for placing clients in lower-wage jobs with the least to offer, jobs, not surprisingly, which are in relatively constant demand, due to their volatility. Even the state’s minimal ‘retention’ measure (150 non-consecutive days of work) can be satisfied by churning individuals through a sequence of low-wage, dead-end

<sup>72</sup> Hasenfeld (1983).

<sup>73</sup> Hasenfeld (1983).

---

jobs.”<sup>74</sup> The welfare recipients had little recourse in trying to get the welfare department to meet its part of the contract.<sup>75</sup>

The findings by Brodtkin are not surprising and are replicated in many other instances. Yet, it is disturbing that welfare reformers seem to learn so little from history. As Alvin Schorr reminds us, social contracts were the social work strategy of the 1950s and 1960s.<sup>76</sup> They did not work then primarily for the same administrative constraints that Brodtkin describes over 40 years later. In the past, the workers would deflect the more troublesome cases. Now, they are sanctioned.

If the above is the general story of the welfare-to-work programmes, what accounts for their continued re-enactment? Here, we are in the realm of symbolic politics, of myth and ceremony. The current the myth is the “work first” strategy. The country was determined to “end welfare as we know it.” The “work first” strategy was clear, it was effectively communicated and it didn’t matter that of those who worked, almost all remained in poverty. The companion myth, which is prevalent in the Western European Third Way, is contract. The welfare recipient and the socially excluded will enter into a contract of inclusion with the welfare department; both sides will mutually agree on an individualized decision; and through participation, the excluded will re-enter society.

#### **4. Workfare in Western Europe**

There have been a variety of policy responses to Eurosclerosis. Here, we are concerned with workfare, or the preferred term, *active labour market policies* (ALMP), now common throughout Europe. In return for benefits, recipients must seek work or participate in work related activities, including, if appropriate,

<sup>74</sup> Brodtkin, Evelyn, Carolyn Fuqua and Katarina Thoren (2002), *Contracting Welfare Reform: Uncertainties of Capacity-Building Within Disjointed Federalism* (Working Paper of the Project on the Public Economy of Work, University of Chicago), pp.23-24.

<sup>75</sup> Brodtkin (2002).

<sup>76</sup> Schorr, Alvin (1987), *Welfare Reform, Once (or Twice) Again*, Tikkun (Nov.-Dec).

---

education and training.<sup>77</sup> The “job first” principle has spread throughout Europe.<sup>78</sup> While most countries are pursuing the reforms according to their own traditions and institutions (called “path dependent”<sup>79</sup>), “benefit conditionality [has] moved to centre-stage.”<sup>80</sup> Moreover, the ideology behind activation is not just a response to Euroscelrousis. Compulsory activation is increasing in Denmark, even with low unemployment, pursuant to the principle that “everyone with at least some work capacity to work should work.”<sup>81</sup> Norway with no welfare crisis, has adopted workfare.<sup>82</sup> Both the Right and the Left agreed that extensive rights to generous benefits threatened the ability to become self-sufficient and that individual responsibilities and obligations are more important than individual rights. Means testing, rather than “an unfortunate remnant of the past,” would be more positively viewed as “targeting.” This change was not the result of a conservative backlash against the welfare state. Rather, according to Ivar Lødemel, the Norwegian Labour Party reflected the contemporary Social Democrats in other countries that have endorsed the changes in the welfare state.<sup>83</sup>

<sup>77</sup> L• demelr, Ivar and Heather Trickey (eds), *An Offer You Can't Refuse': Workfare in International Perspective* (The Policy Press).

<sup>78</sup> Ferrera, Maurizio and Martin Rhodes (2000), *Recasting European Welfare States: an Introduction*, West European Politics, vol.23, no.2, p.4; Supiot, Alan (1999), *The Transformation of Labour and the Future of Labour Law in Europe: Final Report*, p.34.

<sup>79</sup> Kitschelt, Herbert, Peter Lange, Gary Marks and John Stephens (eds) (1999), *Continuity and Change in Contemporary Capitalism* (Cambridge).

<sup>80</sup> Clasen, Jochen (2000), *Motives, Means and Opportunities: Reforming Unemployment Compensation in the 1990s* in Maurizio Ferrera and Martin Rhodes (eds.), *Recasting European Welfare States* (Frank Cass), pp.89-112, p.89.

<sup>81</sup> Fafo, p.46.

<sup>82</sup> Lødemel, Ivar (2001), *National Objectives and Local Implementation of Workfare in Norway*, in Lødemel and Trickey (eds), ch.5, p.133.

<sup>83</sup> As an example of how far right the Left has gone, The New York Times recently reported the reaction of several European countries to the apparent adoption of Keynesian policies in the United States to cope with the downturn in the economy. France and Germany, as well as European Union officials reject the United States approach as inflationary. Prime Minister Jospin: “[I]t turns out the Americans . . . seem to forget the universal laws of the market.” Chancellor Schröder thus far has rejected the advice of five economic research institutes that advise the government that Germany “should relax its adherence to the stability pact by accelerating tax cuts and certain spending

---

There are three basic workfare components:

- § existing policies of encouraging the disabled and older workers from leaving the labour force should be reversed;
- § those who are on the “margins” of the labour force should be placed in jobs or training; and
- § work requirements for the unemployed should be tightened.

What is new is activation measures applied to *social assistance recipients*. The goal is to prevent the *deserving* from sliding into the *undeserving* and to re-integrate the *undeserving*.<sup>84</sup>

While changes are occurring in all Western European countries, I can only very briefly summarize some of the workfare experiences in the United Kingdom, Sweden, Norway, the Netherlands, Denmark, France and Germany. The United Kingdom initiated the change from a passive to an active welfare state, and, at this point, is probably the furthest down the road. Sweden and Norway are at the other end of the spectrum - the most universal, decommodified welfare states, which are still in tact. Denmark and the Netherlands are the most frequently cited examples of countries that have successfully met the challenge of persistent long-term unemployment. In France and Germany, the Social Democratic governments have publicly rejected the United States-United Kingdom model of low-wage jobs and increasing income inequality, but have not yet found a way to reduce persistent long-term unemployment as well as other high costs of the welfare state.

The record thus far with active labour market policies is mixed. Most of the goals cannot be accomplished quickly, and with few exceptions, the empirical evidence at the field level is uneven. A recent report evaluating workfare in France, Germany, the Netherlands, Norway, Denmark and the United Kingdom concluded that most of the studies were not well designed to answer the basic

programmes.” Cowell, Alan and Edmund Andrews (2001), *European Converts to Laissez Faire See the Rush to Intervene as Heresy*, New York Times, October 25, C1. When *The Economist* endorses the re-election of Tony Blair, you know how far the Left has shifted!

<sup>84</sup> Standing (1999), p.314.

---

question of whether the participants benefit from the programmes or were worse off; the results are “suggestive rather than conclusive.”<sup>85</sup> I am concerned with the risks to the most vulnerable, consequently will be emphasizing negative findings more than the positive. It is easier for governments and other proponents of the reforms to emphasize the positive and ignore or downplay those who drop through the cracks; this is what mainstream society wants to hear.

In the United Kingdom, New Labour has extended the policies of mandatory activity to “workless” groups. In the New Deal for Young People, after six months of benefits, there is a “gateway” period consisting of intensive jobs search, followed by options which can include training, education, subsidized employment, or work in voluntary or environmental jobs, and self-employment. If there is still no unsubsidized employment, there is a “follow through” period for further intensive support. During the gateway period (which can last up to 4 months), the participant is supposed to be available for an option and actively seeking work. Each participant is assigned a “Personal Advisor” who draws up an “Action Plan” which is supposed to set “realistic achievable job goals.” A new generation of front line Employment Service personal advisers has been given more flexibility to identify and deal with barriers and assist claimants with job search. The purpose is to “forge an entirely new culture” by promoting a work orientation for all claimants.<sup>86</sup> There can be sanctions for “wilfully and persistently” refusal to participate. Once the gateway is complete, the options are compulsory. Sanctions can be two to four weeks, depending on whether there was a previous sanction.<sup>87</sup> The New Deal for the Over 25s is for the long-term unemployed. This group has more barriers than the young and the programme is less successful.

<sup>85</sup> Fafo (2001), pp.73-74.

<sup>86</sup> Finn and Blackmore, pp.8-9.

<sup>87</sup> Trickey, Heather and Robert Walker (2001), *Steps to Compulsion within British Labour Market Programmes* in Lødomel and Trickey, pp.199-202.

---

Finn and Blackmore report on surveys and focus groups (1997) in four areas of high long-term unemployment.<sup>88</sup> An individual action plan (The Jobseekers Agreement (JSAg)) is entered into at the start of benefits. All of the focus group participants were scornful of the JSAg – it was a ten minute interview with a person “who knows nothing about you.” “The claimants sign to get the benefits.” The terms of the participation contracts seem to be largely determined by the officers rather than the recipients. A survey of clients found that less than 30 per cent reported that their fortnightly job search review lasted longer than six minutes, and 30 per cent had interviews that lasted for two minutes or less. 43 per cent reported that there was actually no discussion about job search, rising to over 90 per cent in some offices. Overall, there is broad agreement that too many JSAg’s are drawn up mechanically and too many people are forced into meaningless activities. Most respondents had a very critical view of the ES in terms of its ability to help them find work or improve their employability. They felt that the ES had the least attractive jobs and was inefficient in updating vacancies and that the staff did not have enough time or experience to deal with them as individuals. Their primary goal was to remove them from the unemployment rolls rather than offer genuine help. They doubted the value of training when, having completed the courses; they were still unable to find jobs. They resented compulsory job search courses as a waste of time, especially when they were repeated. They attend only to prevent loss of benefits.

The ES workers pointed to a shortage of job opportunities and emphasized that clients had often had significant personal barriers to employment. They complained of a lack of time and resources to perform all the tasks, especially the fortnightly interviews for persons out of work for over six months which were supposed to take only seven minutes per person. They felt that the performance targets are counterproductive and “interfere with listening to jobseekers.” Their problems were exacerbated because jobseekers resisted taking low-quality jobs. Only a third believed that sanctions and penalties were effective at enforcing

<sup>88</sup> Finn and Blackmore (nd), p.1. The reports are based on large surveys (1,800 clients; nearly 1,500 front-line ES workers), plus focus groups of just under 80 long-term unemployed and detailed interviews with over 50 street level key workers.

---

compliance. The ES is now encountering the unemployed with more barriers. Frequently, necessary services are not available. The greatest challenge is the “revolving door” - participants get jobs but then a large number are likely to subsequently become unemployed.<sup>89</sup> A common feeling among both claimants and workers was one of frustration - claimants not been able to find suitable work, workers because of high caseloads and performance targets.<sup>90</sup>

In Sweden, by 1993, unemployment had risen to 8.2 per cent and there was a large increase in the government deficit. All political parties favoured reducing entitlements.<sup>91</sup> There was a modest increase in work incentives. There was a large investment in research, development, training, and education. The economy recovered.<sup>92</sup> There has been a significant growth in public employment, largely female, and very expensive. There has been a huge expansion in temporary workers, but part-time employment is considered the same as regular employment. In short, Sweden has rebounded with an intact welfare state.<sup>93</sup> Nevertheless, Sweden tightened unemployment and has workfare.<sup>94</sup> Sweden offers support for education and training of the unemployed<sup>95</sup> People between 20 and 24 years of age would be offered a place in a municipal work programme or a competence-development scheme for up to 12 months. They have to accept any

<sup>89</sup> Finn and Blackmore, pp.8-9.

<sup>90</sup> Finn and Blaackmore.

<sup>91</sup> Huber and Stephens (2001), pp.245-49.

<sup>92</sup> Huber and Stephens (2001), pp.256-57.

<sup>93</sup> Andrews, Edmund (1999), *Sweden, the Welfare State, Basks in a New Prosperity*, New York Times, Oct.8, A1.

<sup>94</sup> Torfing, Jacob (1999), *Workfare With Welfare: recent Reforms of the Danish Welfare State*, J. of European Social Policy, vol.9, no.1, p.13. For those under 25 years of age, without an education, they were given the right and the obligation to 18 months of education if unemployed for six of the last nine months. There was a certain number of public-service-improvement “quota-jobs” for the unemployed - e.g., nature preservation, environmental protection, and day care. Later the 26 weeks period was raised to 52 weeks.

<sup>95</sup> Kuhnle (2000), *The Scandinavian Welfare State in the 1990s: Challenged but Viable* in Ferrera and Rhodes (eds.), pp.209-228, 214.



---

offer or risk losing benefits. The wages are at the level of assistance; there are no unemployment, sick relief, or pension benefits.<sup>96</sup> Thus far, it is unclear what effects the changes have had on employment. Many of the participants found work but it was usually temporary.<sup>97</sup>

In Norway, workfare is for social assistance recipients only, and is supposed to be a last resort, after other services have failed. The local authorities have wide discretion and can apply workfare to a range of recipients - e.g., refugees, asylum seekers, and single parents. Work is restricted to local authority services. It can be created work or work that is performed by regular employees. Training along with work is also discretionary.<sup>98</sup> Some local authorities have used workfare to fill regular city jobs, at about one-third of the regular wage; others used it to discourage claimants. The result, according to Lødemel, was that Norway has created a “*social division of activation.*” Most who are in active labour market schemes enjoy regular wages, regular working hours, and are given time for training. Those who are left - the residuals - are considered the least deserving - and they are subject to social assistance workfare. Thus, at least according to Lødemel, the Norwegian system resembles the United States rather than the other European countries.<sup>99</sup>

Everyone cites the Netherlands - the change from falling productivity, high unemployment, and an expensive, dysfunctional welfare state to a competitive economy, low unemployment, and a leaner, more active welfare state - from the “Dutch Disease” to the “Dutch Miracle.” Most think that wage moderation in return for a most reduction in working hours, lower taxes, and social security contributions was the key. Unemployment was significantly reduced (5.8 per cent

<sup>96</sup> Kildal, Nanna (2000), *Workfare tendencies in Scandinavian welfare policies*, Paper presented at The European Research Seminar, *The Activation Welfare State. New Ways of Fighting Poverty and Social Exclusion in Europe* (Lund University, Oct.27-28).

<sup>97</sup> Roche, Maurice (coordinator) (2000), *Comparative Social Inclusion Policies and Citizenship in Europe: Towards a New European Social Model*, SEDEC Network, Final Report (May), pp.36-37.

<sup>98</sup> Lødemel (2001), pp.145-46.

<sup>99</sup> Lødemel (2001), pp.153-56..

---

in 1997) by the creation of part-time jobs, mostly women, which accounted for two-thirds of the net new jobs.<sup>100</sup> Despite a series of measures designed to reduce that large numbers of working age people on sickness, disability, and early retirement, there still remains a great deal of “hidden unemployment” as well as gender-discrimination.<sup>101</sup>

By the late 1980s and early 1990s, “*Work, Work, Work*” became the major political slogan, with widespread popular support.<sup>102</sup> Social assistance recipients are now expected to accept a job, and the unemployed have to actively seek work.<sup>103</sup> The various activation programmes were consolidated under The Jobseeker’s Employment Act (JEA). There are three principle programmes: subsidized regular employment, subsidized municipal employment; and training or “social activation,” which can be combined with subsidized employment. Working conditions are covered by sector collective agreements. The hours are generally about 32 per week; the wages are a little above the minimum but are combined with welfare. Subsidized municipal employment is supposed to lead to a regular job but, in practice, has become an “end station.” Training and activation is mainly for people who are ready for employment but have a specific barrier. Those in training and activation remain on welfare. The income is below the minimum wage; for the young, it is very low.<sup>104</sup> Training and social activation is compulsory for the young. The young, in subsidized municipal work, work under

<sup>100</sup> Teague, Paul (1999), *Economic Citizenship in the European Union: Employment Relations in the New Europe* (Routledge) p.124-25. Unless they work less than 10 hours per week which reduces their social security protection. For example, workers on call have to be paid for at least three hours, the contract with the temp agency is now considered an employment contract, after 26 weeks legal rules for a sequence of temporary employment contracts apply (e.g., entitled to a tenured position after three temporary contracts with the same employer. Collective bargaining rules can set additional rules. Hemerijck (1999), p.17.

<sup>101</sup> Huber and Stephens (2001), pp.285-86.

<sup>102</sup> Spies, Henk and Rik van Berkel (2001), *Workfare in the Netherlands - young unemployed people and the Jobseeker’s Employment Act*, in Lødomel and Trickey, p.113.

<sup>103</sup> Becker, Uwe (2000), *Welfare State Development and Employment in the Netherlands in Comparative Perspective*, J. European Social Policy, vol.10 (3) p. 226.

<sup>104</sup> Spies and van Berkel (2001), pp.119-21.

---

different working conditions than regular workers. The work is considered “second rate” but they have to work if they want any income.<sup>105</sup> Thus far, cooperation between social services and employment offices has “not been optimal,” especially with respect to the “hard core.” The employment offices generally “cream.” There is serious dropout problem. In 1996, 54 per cent leavers found regular employment; 8 per cent went back to school; 25 per cent dropped out and lost benefits; and 13 per cent left for other reasons. The dropouts, who generally have more problems than the other participants, are entirely on their own and are considered serious risks for “severe marginalization.”<sup>106</sup>

Research on JEA is not yet available. Under the Guaranteed Youth Employment Act (GYA), which in 1998 became part of JEA, municipalities were required to offer a contract even though placement opportunities may not be available. In 1996, about 20 per cent of the vulnerable groups (low-education, immigrants, no work experience) were on “empty contracts,” that is, no placements were available. The participation percentages only included the young unemployed who had registered at the employment agencies and thus outside the official systems - e.g., drifters, young migrant women workers who are not allowed to do paid work, etc.<sup>107</sup> In a study of Rotterdam, the young outside the system have very problematic backgrounds. They, benefit the least from the programme.<sup>108</sup>

In the mid and late 1990s, Dutch policy was changed to require lone mothers on social assistance with children over five years of age to seek work.<sup>109</sup> The composition had changed from largely widows to mainly divorced and unmarried. There was an increase in poverty. Activation policies were introduced but child

<sup>105</sup> Spies and van Berkel (2001), pp.121-22.

<sup>106</sup> Spies and van Berkel (2001), pp.124-27.

<sup>107</sup> Roche (2000), p.37.

<sup>108</sup> Roche (2000), pp.37-38.

<sup>109</sup> Knijn, Trudie and Frits van Wel (2001), *Careful or lenient: welfare reform for lone mothers in the Netherlands*, Journal of European Social Policy, Vol.11 (August), pp.235-51.

---

care was not developed and remained of poor quality. These mothers tended to resist the work, especially because they felt that child-care was inadequate. The caseworkers at the municipal level also resisted the policy. They were trained as payment officers. Putting lone mothers in various activation categories would significantly increase their tasks, and they were ambivalent as to how to deal with this class of social assistance clients; they were reluctant to require them to work full-time which would not improve their income and create more administrative work. A majority were exempted.<sup>110</sup>

According to Uwe Becker, non-employment is still high.<sup>111</sup> The redistribution of work was to part-timers and the younger and healthier workers.<sup>112</sup> Islamic males from Turkey and Morocco, have six times the unemployment rate as Dutch males; males from Surinam and the Dutch Antilles, four times, and other cultural minorities five times. The overall unemployment rate of immigrants is three times the Dutch indigenous rate. In France and Germany, the immigrant employment rate is 60-70 per cent higher than the Dutch rate.<sup>113</sup>

In Denmark, unemployment reached 12.2 per cent in 1993. Activation focused on improving skills and work experience, emphasizing training and education, and empowerment. But social assistance could be denied to those who rejected a fair offer of activation.<sup>114</sup> In 1998, about 74,000 participated in activation. The largest number was in subsidized employment in the private sector. Within a year, a little over half (51 per cent) of the short-term unemployed found regular employment as compared to less than 20 per cent of the long-term unemployed. Job placements in the private sector were the most successful in

<sup>110</sup> Knijn and van Wel (2001), pp.242-49.

<sup>111</sup> Becker, p.227.

<sup>112</sup> Becker, pp.234-35.

<sup>113</sup> Becker, pp.235-36.

<sup>114</sup> Torfing (1999), p.17.

---

producing regular employment, which, according to Roche, may have been the result of creaming in the activation placements.<sup>115</sup>

By 1999, unemployment was 6 per cent. Still, there were large numbers on unemployment benefits, social assistance, early retirement, and sickness benefits.<sup>116</sup> Youth unemployment remained high and there was an increase in social assistance. Soon, part-time work and workfare was supported by all political parties (except the extreme Right).<sup>117</sup> Successive governments established an “Active Line” for the “workless” based on two principles - both the state and the private sector have an obligation to provide opportunities for inclusion, and a long-term strategy to reduce unemployment and the removal of social barriers is needed for the “highly marginalized.” There is a division of responsibility between the Ministries of Labour and Social Affairs and local authorities. The municipalities fund half the costs of social assistance.<sup>118</sup> Workfare is to be “offensive” rather than “defensive” - improving skills, self-sufficiency, training and education rather than work-for-benefits; empowerment rather than control and punishment; and more inclusive than just targeting the unemployed.<sup>119</sup> Beneficiaries must take “responsibility for the offers that are being made.”<sup>120</sup> Social services were separated from income transfers and employment. All recipients under 30 years of age were required to be activated within 13 weeks. The activation period was either six or 18 months. At the completion of the

<sup>115</sup> Roche (2000), p.40.

<sup>116</sup> Rosdahl, Andres and Hanne Weise (2001), *When All Must be Active - Workfare in Denmark*, in Lødemel and Trickey (eds), ch.5, p.159.

<sup>117</sup> Rosdahl and Weise (2001), pp.177-78.

<sup>118</sup> Rosdahl and Weise (2001), p.170.

<sup>119</sup> Torfing (1999), p.17.

<sup>120</sup> Torfing (1999), p.17; See also Cox, Robert (1998), *From Safety Net To Trampoline: Labour Market Activation in the Netherlands and Denmark*, *Governance: An International Journal of Policy and Administration*, Vol.11, No.4, October, pp.397-414.

---

activation period, the client had the right to a new activation offer within another 13 weeks. There was no specified length of activation period for those over 30.<sup>121</sup>

As employment increased and the pool of recipients became less skilled and less suited for job training, the trend was more towards a greater use of workfare for social assistance. Unemployment began to be considered “voluntary” and local authorities started to use workfare as a work-test.<sup>122</sup> By 1997, nearly two-thirds of all activated recipients were in workfare.<sup>123</sup> With low unemployment, those that remain on social assistance have more significant barriers. At the same time, activation to address the broader social problems has proven difficult to implement. Questions are being raised as to whether the goals for this group should be labour market participation.<sup>124</sup>

In the meantime, activation policy has been tightening for all social assistance recipients, and, as of 1998, obligatory for all recipients.<sup>125</sup> Applicants for social assistance have to demonstrate that they do not have a “suitable work offer,” which is decided by the local authority. The prior wage is not relevant. Recipients must also accept a “reasonable” activation offer. Social assistance families receive 80 per cent of the maximum unemployment insurance benefit, the young 40 per cent if they are living alone, and 20 per cent if they are living with their parents. Generally, there is no time limit for benefits.<sup>126</sup> The quality of the plans and the offers are uneven. There is creaming for the well-qualified unemployed into long-term education plans. There are difficulties in activating weak and marginal groups. At the local level, about one-third of the social

<sup>121</sup> Torfing (1999), p.17.

<sup>122</sup> Rosdahl and Weise (2001), pp.175-76.

<sup>123</sup> Rosdahl and Weise (2001), pp.173-74.

<sup>124</sup> Rosdahl and Weise (2001), pp.178-79.

<sup>125</sup> There are exceptions - sickness (verified by a physician), pregnant or with a child under six years old, small children and child care not available - although people in these groups can participate if they want to.

<sup>126</sup> There are minimum rules sets by the national government - e.g., there are various time limits for different groups after which there must be activation.

---

assistance claimants have difficulty in activation because of serious social problems.<sup>127</sup> Despite these efforts, there remains a large group of marginalized, unemployed. According to a recent study, only half of those on activation were actually looking for work. Many claim that they have been put in low-pay, low-quality activation.<sup>128</sup> In the meantime, there appears to be a dramatic rise in anti-immigration politics, that immigrants are exploiting the welfare system. The Liberal Party leader “pledged to crack down on foreigners trying to cheat the system.”<sup>129</sup>

In France, a guaranteed minimum allowance was established in 1988 through RMI (*revenue minimum d’insertion*) which replaced a variety of local and targeted social assistance programmes. RMI provides the right to a minimum income and a right to *insertion*.<sup>130</sup> RMI is means-tested. It applies to all citizens and long-term residents over the age of 25. While job placement is one of the objectives, there is no job search requirement. The RMI pays about half the minimum wage; there are supplements for a couple (50 per cent) and per child (30 per cent). The insertion contract is between the individual and the “commission for insertion.” In theory, all recipients are entitled to an insertion contract, but work-based placements are limited. In 1994, only 70 per cent of RMI recipients signed contracts. One-third was oriented towards “social autonomy” (health, daily living, etc.); one-third were jobs in the public and voluntary sectors, and one-third was looking for work. The degree of obligation is ambiguous with varying

<sup>127</sup> Torfing (1999), p.21.

<sup>128</sup> Torfing (1999), p.23.

<sup>129</sup> *Denmark Shifts Right in Election Centering on Immigration* (2001), New York Times, Section A; Page 6 (November 21).

<sup>130</sup> Enjolras, Bernard, Jean Louis Laville, Laurent Fraisse and Heather Trickey (2000), *Between Subsidiarity and Social Assistance-- the French Republican Route to Activation*, in Lødomel and Trickey, p.49.

---

interpretations at the local level. Sanctions for refusing to take a job are few. Many RMI recipients are hard-to-employ.<sup>131</sup>

In 2000, the social partners who manage the unemployment system introduced “PARE” (*plan d’aide au retour a l’emploi*) which is similar to the United Kingdom Job Seeker Agreement. This “activation” of the unemployment insurance proved to be very controversial, and at first was rejected by both the government and some unions. After some changes and considerable public debate, the system was enacted in 2001.<sup>132</sup>

The insertion programmes increasingly target the young.<sup>133</sup> The young are more likely to work outside of the regular labour market in return for benefits. In France, this is considered “workfare.”<sup>134</sup> There are additional programmes for the young – to improve vocational training, subsidizing private sector jobs and for apprentices, and jobs outside the private market (typically in care taking and upkeep of community areas). About 250,000 full-time jobs have been created, two-thirds of which are apprentice contracts and assisted employment in the non-market sector. The training courses and the subsidized jobs have countered unemployment, at least in the short-term, for several hundred thousand young. Insertion, however, is problematic because of the growing lack of secure working conditions<sup>135</sup>

In theory, the French social protection and insertion policy is conditioned on reciprocal obligations. In practice, RMI has turned out to be a very loose form of constraint. There is a “right” to insertion, but, as stated, only about seven out 10 participate. The policies are ambiguous in terms of objectives and

<sup>131</sup> Levy (1999), *French Social Policy*, pp. 9-12.

<sup>132</sup> Communication from Alan Supiot, April 21, 2002.

<sup>133</sup> Enjolras et al. (2000), pp.52-54.

<sup>134</sup> Enjolras et al. (2000), p.59.

<sup>135</sup> Roche (2000), p.61-62.



---

implementation. Sanctions are rare either for adults or the young.<sup>136</sup> Employers are substituting subsidized placements rather than creating new jobs. Clients tend to move from placement to placement within the subsidized sector. The programmes enhance traditional labour market selectivity - the more skilled get into the better programmes and get the better jobs. L• demel and his colleagues believe that the programmes nevertheless continue because they act as a “*substitute*” for the absence of social programmes for the young. Since social assistance is not available, the social activation programmes prevent the youth from falling into poverty.<sup>137</sup> French immigrants, especially from North Africa and the Middle East, including children who were born in France, suffer discrimination which further diminishes their chances for labour market success. A great many are confined to squalid housing estates and are greatly disadvantaged in the competitive education system.<sup>138</sup> In the meantime, there continues to be public confrontation over unemployment funds, health reform, and pension reform.<sup>139</sup> There are higher levels of unemployment, inequality and social exclusion. Public expenditures are now at an all-time high, but now, with the economy seemingly to begin a recovery, and with predictions of stronger growth, proposed austerity measures are even more resented.<sup>140</sup>

In Germany, reunification brought on a severe recession; by 1996, the unemployment rate was 10.3 per cent.<sup>141</sup> The first response was to encourage

<sup>136</sup> Enjolras et al. (2000), pp.66-67.

<sup>137</sup> L• demel; Enjolras et al. (2000), pp.60, 65.

<sup>138</sup> *The Melting-pot That Isn't*, The Economist, July 28th, 2001, pp.50-51. “According to opinion polls, almost two-thirds of French adults believe that there are too many Arabs (and therefore Muslims) in France.” p.50.

<sup>139</sup> Levy (2000), *Partisan Politics*, p.22-26. Even a “whiff of prosperity” may be something of a “mixed blessing.” In 1999, 30 billion more francs were collected than expected, and in 2000, 50 billion. There have been fierce public battles as to spend this windfall – tax cuts, subsidizing low-wage workers, more money for teachers and hospital workers –even though France continues to have a large budget deficit.

<sup>140</sup> Levy (n.d.)

<sup>141</sup> Huber and Stephens (2001), p.265.

---

retirement which proved to be very costly, and is slowly being restricted.<sup>142</sup> In the meantime, unions continue to defend real wages, costs continue to rise, and unemployment remains high.<sup>143</sup> Social assistance, financed and administered by the local authorities, is intended to cover basic needs. The amount varies with family size and it is considered to be a last resort safety net. There are two parts. One, “Assistance in Special Situations” is for the ill and disabled. The other, “Cost-of-Living Assistance” (COLA) is for people who lack sufficient income.<sup>144</sup> This programme contains a high proportion of single mothers and the long-term unemployed. There have been significant changes in the social assistance rolls with the growth of unemployment and the decline in skilled work. Within the unemployed, the social assistance recipients are the most poorly qualified. Social assistance has also increased with the growth in refugees and asylum-seekers<sup>145</sup>

Changes have been made to make social assistance more “active.” There have been several reductions in benefits although benefits have increased for lone mothers who are acknowledged as reproductive workers.<sup>146</sup> There have been a series of increases in workfare. In part, this is due to the rising costs of social assistance for the local authorities and, in part, to provide a greater “work-testing” of the unemployed.<sup>147</sup> The public favours work in return for benefits. Germany, at least at the Federal Level, is now committed to active labour market policies. All employable recipients are in principle required to participate. Activation focuses on direct job placement in the low-wage sector; recipients are required to accept

<sup>142</sup> Manow, Philip and Eric Seils (2000), *The Employment Crisis of the German Welfare State* in Ferrera and Rhodes (eds), pp.142-50

<sup>143</sup> Supiot (1999), p.44

<sup>144</sup> In addition, there are programmes for income support for specific groups that are considered compensatory payments - e.g., victims of war, military, crime, publicly supported vaccinations. These benefits are usually not based on need and are designed to compensate for low rather than maintain individual standards of living. There are also grant programmes for education, vocational training, housing, and children’s allowances, which are means-tested. Voges et al. (2001), p.75

<sup>145</sup> Voges et al. (2001), p.78

<sup>146</sup> Kahl (2002), p.22, point 63, Social Assistance in Germany; Kahl (2001)

<sup>147</sup> Voges et al. (2001), p.88

---

any job that is offered either through the unemployment office or the local authority social assistance office; benefits are to be cut if the recipient refuses to accept any job.<sup>148</sup> There are exceptions if the work is “overtaxing,” or endangers the future pursuit of a previous occupation, or endangers child rearing.<sup>149</sup>

In the meantime, local authorities became increasingly reluctant to continue supporting social security claimants, especially the long-term unemployed.<sup>150</sup> They introduced a range of “activation” policies called “Help Towards Work” (HTW).<sup>151</sup> HTW creates two forms of work requirements. One is work under an employment contract which carries standard wages and is incorporated into the social insurance system. The other is more casual work that is not subject to an employment contract. In addition, local authorities may provide vocational training.<sup>152</sup> For the most employable, there are subsidized regular jobs with standard working conditions. These positions are limited to one year. However, if the worker is not hired permanently, he or she is eligible for unemployment benefits, and thus not a charge for the local authority. There are community jobs with reduced wages for those with more barriers to employment. In 2000, a law was passed merging of social assistance and unemployment, with one uniform activation system for both programmes, with an emphasis on direct, quick job placement or a work programme. There is pending legislation that mandates with the beginning of unemployment, an individual re-integration plan has to be entered into, and recipients have to meet their obligations or will face a complete cut-off from their benefits for at least 12 weeks.<sup>153</sup>

<sup>148</sup> Kahl (2002), p.24, point 74.

<sup>149</sup> Voges et al. (2001), p.76-77.

<sup>150</sup> Clasen Jacob (2000), *Motives, Means and Opportunities: Reforming Unemployment Compensation in the 1990s*, in Ferrera, Maurizio & Martin Rhodes (eds), *Recasting European Welfare States* (Frank Cass), pp.89-112, p.95.

<sup>151</sup> Clasen (2000), p.103.

<sup>152</sup> Voges et al. (2001), p.81.

<sup>153</sup> Kahl (2002), p.46, point 152.

---

What few studies do exist report that there is considerable “creaming.” The more employable can more easily be placed in contract jobs, which are then covered by social insurance in case of unemployment instead of the local authority social assistance budget.<sup>154</sup> Until 1993, local authorities used their discretion not to impose sanctions; now they are now required by Federal law to sanction after a threat by a social worker. It is reported that social workers sometimes refuse to issue a threat to avoid having to impose a sanction. At the present time, a majority of local authorities do not sanction<sup>155</sup> The long-term unemployed are concentrated in the 50 years and over group and have long work histories. It is easier to encourage exit than activation.<sup>156</sup> On the other hand, it seems that sanctions for social assistance recipients will increase. It is claimed that local authorities are not necessarily unwilling to sanction, but lack sufficient work and training opportunities. There is the strong commitment to activation at the federal level, and the federal government is increasing its monitoring and tightening national guidelines.<sup>157</sup>

In sum, there are mixed results. According to the Fafo Institute, in France, those with insertion contracts tend to be younger and better-educated and only about 25 per cent of recipients leave RMI for work. In the Norwegian compulsory programmes, there were no positive effects in either employment or earnings.<sup>158</sup> In France, Denmark, the Netherlands, and the United Kingdom, those who were younger, better educated, and with fewer social problems, tended to benefit; thus, concludes the Fafo Institute, they would have been more likely to find jobs on their own. Norway, on the other hand, did serve people with less work experience and more problems.<sup>159</sup> In the Netherlands, the most disadvantaged seem to be

<sup>154</sup> Voges et al. (2001), p.72.

<sup>155</sup> Voges et al. (2001), pp.86-87; Clasen (2000), p.95.

<sup>156</sup> *Germany's Poor East: More Cash, Please*, The Economist May 12th 2001, p.55.

<sup>157</sup> Kahl (2002), p.34, point 108.

<sup>158</sup> Fafo (2001), pp.71-72.

<sup>159</sup> Fafo (2001), pp.72-73.

---

worse off as a result of the programmes. While overall satisfaction was generally high, a significant portion said that the programmes were a waste of time<sup>160</sup>

Others report similar findings. While most target groups are positive about social inclusion programmes, there remain many difficulties. The employment service offices have difficulty in sustaining a client-centred approach rather than an employment placement-centred approach.<sup>161</sup> Creaming seems to be widespread. Most programmes to help the long-term unemployed have had modest effects on re-employment while offering employer windfalls. Positive outcomes sometimes contribute to new exclusions.<sup>162</sup> The most motivated and skilled workers disproportionately reap the benefits of subsidy and training programmes. The European Union White Paper expressed concern that, of the 10 million new jobs created during the 1980s, only three million were taken by those on unemployment registries. New labour force entrants rather than the socially excluded took the vast majority.<sup>163</sup> Workers who most need income protection -- part-timers, services, domestics, home workers, flexi workers, the black or shadow economy, etc. are usually not affected by regulatory labour laws.<sup>164</sup> In all countries, the take-up rate for social assistance is well below 100 per cent. Moreover, of those who do receive benefits, many still remain in poverty, because of lack of coverage, low benefits, and low take-up rates.<sup>165</sup>

<sup>160</sup> Fafo (2001), pp.72-73 (*italics original*).

<sup>161</sup> Roche (2000), p.77.

<sup>162</sup> Silver, Helen, *Modernizing and Improving Social Protection in the European Union*, COM (97) (1998), p.20.

<sup>163</sup> Silver (1998), p.12.

<sup>164</sup> Standing, pp.293-298; Supiot (1999), p.35.

<sup>165</sup> Behrendt, Christina (2000), *Do Means-Tested Benefits Alleviate Poverty? Evidence on Germany, Sweden and the United Kingdom from the Luxembourg Income Study*, *Journal of European Social Policy*, vol. 10(1), pp.30-36.

---

Gender discrimination remains a serious issue throughout Western Europe. Pay differentials remain large.<sup>166</sup> Women continue to face discrimination in terms of the benefits and conditions in the standard labour contract. More women than men work part-time (32 per cent versus 5 per cent), but with the exception of the Netherlands and Scandinavia, a high proportion of these women indicated that they would prefer to work full-time. The hourly wage rate for part-time is lower than full-time and has not led to a redistribution of family responsibilities.<sup>167</sup> There persists a significant amount of occupational segregation.<sup>168</sup>

A major issue in all countries involves immigrants - an issue which will continue to grow in importance. Immigrant workers, both skilled and unskilled, are needed because of declining birth rates<sup>169</sup>; yet most countries are facing increasing anti-immigration problems - increasing ghettoization, xenophobia, race riots, even race murders (even in Norway<sup>170</sup>). In some countries, there has been a rise in anti-immigration political parties - most recently in Denmark<sup>171</sup> Unemployment among ethnic minorities is considerably higher in all countries. Even in the Nordic countries, which are most successful in dealing with social exclusion, they are less successful in integrating immigrants into the labour market.<sup>172</sup>

Several observers believe that the differences in implementation in the European programmes are related to the stereotyping of the target groups.<sup>173</sup>

<sup>166</sup> Female hourly wages average only 83 per cent of male hourly wages. EXSPRO (2001), p.7.

<sup>167</sup> Supiot (1999), p.134 (e.g., 85 per cent Sweden, 71 per cent France, 60 per cent United Kingdom).

<sup>168</sup> Supiot (1999), p.131.

<sup>169</sup> European Union, *Joint Report*, p.20.

<sup>170</sup> Cowell, Alan (2002), *After Black Teenager Is Slain, Norway Peers Into a Mirror*, New York Times (Jan.3), p.1.

<sup>171</sup> See *France, race and immigration. Who gains?*, The Economist, March 2, 2002, pp.49-50.

<sup>172</sup> EXSPRO (2001), p.19.

<sup>173</sup> Lødemil (2001b), pp.324-30.

---

Heather Trickey says that because the programmes track the selectivity of the regular labour market, there is not only creaming, but also “exclusion trajectories” or “sink options” where clients are recycled. Thus, those who fail may face even more social exclusion.<sup>174</sup> Service workers are under pressure to meet targets. In the Netherlands, compulsion has led to an increase in social exclusion.<sup>175</sup> And there are no new anti-exclusion policies.<sup>176</sup> The EXSPRO report comes to the same conclusion - the socially excluded are not likely to benefit either from a more flexible labour market or activation. Rather activation is most successful for those at about the poverty level, not those much below.<sup>177</sup> Targeting mandatory programmes on the most disadvantaged may further stigmatize those already excluded and thus hinder re-integration.<sup>178</sup>

Thus far, the Social Democratic response has been defensive. They have tried to resist the decline in the legitimacy of the welfare state by advocating tougher conditionality.<sup>179</sup> To get benefits, the socially excluded now have obligations. This is the new contract.

## 5. Contracts in bureaucratic relationships

In theory, both sides benefit in a contract. This assumes independent, knowledgeable individuals contracting parties. However, with the welfare contract, the client is dependent, relatively powerless. Rosanvallon overcomes the imbalance by saying that the state has an obligation to respond to the beneficiary. Thus, the process of contract - as envisaged by Rosanvallon - *empowers* the

<sup>174</sup> Trickey, Heather (2001), *Comparing Welfare Programmes - Features and Implications* in Lødemel and Trickey, pp.287-88.

<sup>175</sup> Spies & van Berkel (2001), pp.124-27;Trickey (2001), pp.289-90.

<sup>176</sup> Roche (2000), p.43.

<sup>177</sup> EXSPRO (2001), pp.3, 20.

<sup>178</sup> Silver (1998), p.17.

<sup>179</sup> Standing, pp.289-90.

---

beneficiary. The client is listened to, his or her views are taken into account, and he or she is treated as a subject rather than an object.<sup>180</sup>

Empowerment is the ability to control one's environment. Here, the environment is the citizen-bureaucratic or regulatory relationship. In most human service relationships, the agency is in the dominant position. Empowerment involves not only challenge but also consciousness-raising. We have seen that there is a large amount of dissatisfaction on the part of clients who nevertheless feel that they have to accept the terms of the contract to get the benefits. On the other hand, most clients seem satisfied. How is satisfaction to be interpreted? Are these clients empowered? Acquiescence becomes problematic when power relationships are unequal. Steven Lukes, in *Power: A Radical View*,<sup>181</sup> describes three dimensions of power. The one-dimensional approach is where A gets B to do something he otherwise would not have done, assumes that grievances and conflicts are recognized and acted upon and that decision-making arenas are more-or-less open. Quiescence lies in the characteristics of the victims, such as apathy or alienation and is not constrained by power. The two-dimensional view of power argues that power operates to exclude participants and issues altogether.<sup>182</sup> Some issues never get on the political agenda. Apparent inaction is not related to the lack of grievances. The third dimension focuses on how power may effect even the *conception* of grievances. The absence of grievances may be due to a manipulated consensus. Furthermore, the dominant group may be so secure that they are oblivious to anyone challenging their position - - "the most effective and insidious use of power is to prevent . . . conflict from arising in the first place".<sup>183</sup> A exercises power over B by "influencing, shaping and

<sup>180</sup> EXSPRO (2001), p.14.

<sup>181</sup> Lukes, Steven (1974), *Power: A Radical View* (Macmillan).

<sup>182</sup> Bachrach, Peter and Morton Baratz, *Two Faces of Power*, *American Political Science Review*, vol.56, pp.947-52 (1962); Bachrach & Baratz (1970), *Power and Poverty: Theory and Practice* (Oxford); Bachrach and Botwinick (1992), *Power and Empowerment: A Radical Theory of Participatory Democracy* (Temple University Press).

<sup>183</sup> Lukes (1974), p. 23.



---

or determining his very wants".<sup>184</sup> The third dimension combines the hegemonic social and historical patterns identified by Gramsci<sup>185</sup> and the subjective effects of power identified by Edelman.<sup>186</sup> Third-dimensional mechanisms of power include the control of information and socialization processes, but also self-deprecation, apathy, and the internalization of dominant values and beliefs - the psychological adaptations of the oppressed to escape the subjective sense of powerlessness. Moreover, it is the culture of silence which may lend legitimation to the dominant order.<sup>187</sup> Lukes's three faces of power have been criticized by the post-structuralists who argue that power is never that complete; there is always some resistance.<sup>188</sup> But, for the most part, welfare client resistance is relatively minor. Welfare clients can sometimes hide additional income or fudge a missed appointment, but they cannot seize a job.

Concepts of empowerment mirror the multiple meanings of power. Empowerment involves a sense of perceived control, of competence, and activities that, in fact, exert control.<sup>189</sup> It is often a long-term process of learning and development.<sup>190</sup> Keiffer emphasizes the importance of the connections between the

<sup>184</sup> Lukes (1974), p. 23.

<sup>185</sup> Gramsci, Antonio (1971), *Selections from the Prison Notebooks* (London: Lawrence and Wishart).

<sup>186</sup> "Political actions chiefly arouse or satisfy people not by granting or withholding their stable, substantive demands but rather by changing their demands and expectations". Edelman, Murray (1971), *Politics as Symbolic Action: Mass Arousal and Quiescence* (Illinois University Press) p. 8; Gaventa, John (1980), *Power and Powerlessness: Quiescence and Rebellion in an Appalachian Valley* (U. Chicago Press) p. 13.

<sup>187</sup> Freire, Paulo (1985), *The Politics of Education: Culture, Power, and Liberation* (New York: Bergin and Garvey); Gaventa (1980), pp. 15-16.

<sup>188</sup> See, e.g., Honneth, Axel (1991), *Critique of Power: Reflective Stages in a Critical Social Theory*; Clegg, Stuart (1989), *Frameworks of Power* (London: Sage); Gilliom, John (2001), *Overseers of the Poor: Surveillance, Resistance, and the Limits of Privacy* (Chicago).

<sup>189</sup> Zimmerman, Marc and J.Rappaport (1988), *Citizen Participation, Perceived Control, and Psychological Empowerment*, *American Journal of Community Psychology*, Vol.16, pp.725-50; Zimmerman (1993), *Empowerment Theory: Psychological, Organizational and Community Levels of Analysis* in Rappaport, J. and E. Seidman, *Handbook of Community Psychology* (New York: Plenum)

<sup>190</sup> Keiffer, Charles (1984), *Citizen Empowerment: A Developmental Perspective*, *Prevention in Human Services*, Vol.3, pp.9-36.

---

experiences of daily life and perceptions of personal efficacy. The process must be specific; generalized feelings of injustice or consciousness-raising are not sufficient. Zimmerman and Rappaport report that empowerment is a combination of personal beliefs about control, involvement in activities to exert control, and a critical awareness of one's environment. They, too, emphasize behaviours designed to exercise control as well as consciousness-raising.<sup>191</sup>

The faces of power and empowerment become relevant when considering workfare. The worker/client relationship depends on the power that each person has over his or her own interests. Agencies, which have a monopoly of services, exercise considerable power over clients. On the other hand, clients can exercise considerable power if they possess desirable characteristics. With vulnerable groups, relationships tend to be involuntary. The agency is not dependent on the client for its resources and most agencies are in monopoly positions. The clients usually have no alternatives. The more powerful the agency, the more it will use its advantages to maintain its position. To maintain a superior practice, it will select the more desirable clients. Poor clients tend to receive poor services. This results not only in an inequality of practice, but Hasenfeld argues, the practice of inequality.

Hasenfeld's description of power in human service agencies tracks the three dimensions of power. A dependent person applies for welfare; a condition of aid is a work assignment which the person feels that she has to accept as the price of receiving assistance. Assume that the agency is acting illegally. The client knows of the illegality but needs the aid, and lacks the resources to challenge the agency. Suppose, however, that the agency is acting according to a legislatively determined rule. The client is now precluded from voicing her grievance, certainly in this forum. This would be a case of the second dimension of power. There is a grievance but she has been effectively precluded from contesting the decision.

There are variations on the third dimension of power where the absence of conflict is due to the manipulation of consensus, where A shapes and determines the very wants of B. Even if the client thinks she is entitled to welfare, and would to

<sup>191</sup> Zimmerman (1993); Zimmerman and Rappaport (1988).

---

remain at home, there are competing norms. The obligation to work may be deeply ingrained; as discussed, there is very little support for the idea that one is entitled to a minimum level of support without any corresponding obligations.<sup>192</sup> To the extent that the client has internalized these values, the dominant group has prevented even the conception of the grievance.

The social and historical patterns and the subjective effects are, of course, much more deeply rooted, much more pervasive than even the complex example of the work obligation. Both the powerful and the powerless carry into the relationship their respective characters and self-conceptions, their root values, nurtured through immediate as well as past social relationships. Who they are and where they come from - class, race, childhood, education, employment, relations with others, the everyday structures of their lives, their very different social locations - crucially affect their languages, social myths, beliefs, and symbols - how they view themselves, their world, and others, which produce vastly different meanings and patterns in their encounters.<sup>193</sup> It is no surprise that the vast majority of clients either fail to pursue their grievances or even to conceptualize a grievance. In human service organizations that deal with the poor and minorities, official power is, for all intents and purposes, just about totalizing. To be sure, there is resistance but it is often quite feeble and at the margins.<sup>194</sup>

## 6. Those who remain

What can be done? A variety of policies are necessary; they build one each other rather than being mutually exclusive. A full-employment economy, with flexible jobs that are *good* jobs and that allow for the demands of family life is

<sup>192</sup>. See, e.g., Hartmann, Heidi (1987), *Changes in Women's Economic and Family Roles*, in Lourdes Beneria and Catharine Stimpson, *Women, Households, and the Economy* (Rutgers University Press).

<sup>193</sup>. Binder; Molotch and Boden, 1985. There is a vast theoretical and empirical literature dealing with the problems of lack of rights consciousness. See, e.g., Felstiner, William, Richard Abel & Austin Sarat (1980-81), *The Emergence and Transformation of Disputes: Naming, Blaming, Claiming . . .* 15 *Law and Society Rev.*631; Bumiller, Kristin (1988), *The Civil Rights Society: The Social Construction of Victims* (Johns Hopkins U. Press); Handler (1986).

<sup>194</sup> Handler (1992); Gillom, John (2001).

---

essential. The same is true with education and training. There is plenty of evidence, both in the United States and Europe, that many of the “workless” would prefer a decent job to social assistance. However, as pointed out, neither jobs alone nor activation will affect substantial numbers of the socially excluded.

At the European Union level, there is some transnational protective labour legislation (e.g., freedom of movement), but, at least at this point in time, it is generally agreed that such legislation will have to be at the national level.<sup>195</sup> At the national level, there is a variety of legislation dealing with labour protections, anti-discrimination, flexible working conditions, and so forth.<sup>196</sup> Although fixed statutory rights can lead to law-abidingness and social movement activity,<sup>197</sup> command-and-control regulation is usually viewed with disfavour or at least not feasible across the Member States. What the Member States have agreed upon is to establish an Open Method of Coordination (OMC) which commits the states to work together to promote sustainable economic growth, increase employment, and combat poverty and social exclusion.<sup>198</sup> All Member States agreed to complete National Action Plans addressing social inclusion (NAPs/incl) setting out their priorities and best practices, called benchmarking. The idea is that benchmarking would encourage the dissemination and adoption of these practices in the various states. Thus far, all 15 Member States have filed the first round of NAPs/incl. At this point, as expected, the reports vary and practices that are discussed are not evaluated.<sup>199</sup> A key problem is the lack of agreed upon relevant indicators, thus limiting comparability, but efforts are being made to improve the

<sup>195</sup> See, e.g., Kitschelt et al.

<sup>196</sup> Supiot.

<sup>197</sup> See Handler, Joel (1978), *Social Movements and the Legal System: A Theory of Law Reform and Social Change* (Academic Press); McCann, Michael (1994), *Rights At Work* (University of Chicago Press).

<sup>198</sup> This was agreed upon and affirmed at the European Councils of Lisbon (March 2000), Nice (December 2000), and Stockholm (June 2001). European Council, *Joint Report on Social Exclusion: Part I - The European Union and Executive Summary*, p.6.

<sup>199</sup> European Council, *Joint Report*, pp.8-9.

---

NAPs/incl.<sup>200</sup> OMC does hold promise. In addition to encouraging governments to change, it can lend support to social movement groups and organizations of the socially excluded. OMC and benchmarking allow for experimentation and flexibility. On the other hand, OMC and benchmarking also allow governments and firms to obscure information. Flexibility is not necessarily a one-way process.

In the end, there will be a substantial number of socially excluded who will not be able to benefit from flexible labour markets. Here, the issue is administrative capacity and accountability. Accountability has to be developed at the local level. There are a number of steps that can be taken to create the conditions which facilitate and provide incentives for the agency worker to want to treat the client as a subject. The service/employment offices must be separated from the benefits office, which has already taken place in some countries.<sup>201</sup> The accountability demands on the payments office are speed and accuracy. The tasks of the service office are professional, individualized, judgmental decisions. Sufficient, suitable jobs in the general economy will reduce the pressures on the agencies by facilitating the normal incentives of the clients. The offices provide information and support services for those ready to work. For those who need more assistance, attention has to be paid to education and training slots. But these programmes have to be specifically geared to the socially excluded rather than the usual adult education.

There should not only be a separation, but I have argued that there should be no sanctions.<sup>202</sup> Many claim that sanctions are necessary to impress upon the clients the seriousness of the workfare requirements. But there is considerable evidence that sanctions do not change behaviour. And there is much evidence (at least in the United States) that sanctions are much abused. It is too easy for the busy worker, who is not that sympathetic with the client to begin with, to impose sanctions too readily rather than take the time to try and solve problems. We have

<sup>200</sup> European Council, *Joint Report*, pp.90-91.

<sup>201</sup> Rosanvallon agrees with this.

<sup>202</sup> This is more fully discussed in Handler and Hasenfeld, *We the Poor People*.

---

found in our research in the United States that government agencies cannot do both – they cannot exercise patient professionalism with sanctions, and that the latter tend to drive out the former. Sanctions are symbolic politics. They reassure majoritarian society that those “bums are not going to get something for nothing.” But they do cause harm. It must be acknowledged that no matter how good the workfare programme, there will be a certain number of people who will not be able to make it in the paid labour market. This will be especially true if workfare agencies do their job and really try to work with the very hard-to-employ. Those who cannot make it should not be held hostage under the commonly held but mistaken idea that this is necessary to deter others who might want to choose welfare over work. We tried that during the Poorhouse days.<sup>203</sup>

Without sanctions, agency workers have to work harder with the more difficult clients. Here, incentives have to be re-structured. Workers have to be rewarded for progress and placements and follow-up. But there has to be safeguards against creaming. The goal of restructuring is re-define the professional task so that fulfilment is more readily accomplished when there is an active, participating, and knowledgeable client. When the worker reconceived her professional task, the client becomes part of the solution, a subject rather than an object. There are several examples where this has happened.<sup>204</sup> A variety of things can be done to induce the workers to be more professional and more caring, but, in the final analysis, they will continue to hold most of the cards. There is always the danger that over time, traditional bureaucratic practices will creep in.<sup>205</sup> Programmes have to be constantly monitored, constantly renewed.

Are there ways to make the clients less dependent? There are many situations where organizations bargain rather than rely strictly on commands. Contracts can

<sup>203</sup> The hostage theory of welfare policy comes from Michael Katz (1986), *In the Shadow of the Poor House: A Social History of Welfare in America* (Basic Books).

<sup>204</sup> Handler (1997), *Down From Bureaucracy: The Ambiguity of Privatization and Empowerment* (Princeton University Press).

<sup>205</sup> See my discussion of the Madison (Wisconsin) special education programme in. *The Conditions of Discretion: Autonomy, Community, Bureaucracy* (Russell Sage).

---

also occur with dependent clients. There are situations analogous to the creaming example - where the agency workers realize that for them to succeed, the clients have to succeed. But a re-conceptualization of the officer's goals to include the client is not enough. The client has to respond, has to change behaviour, and work to fulfil these goals. Thus, the client not only has to know what is expected of him or her, but the client has to also *trust* the officer that she has the client's best interests at heart. Trust has to be reciprocal. The officer has to believe that the client understands what is expected, is willing to perform, and will reliably report back to the officer. In other words, there has to be reciprocal trust and communication. The clients become a subject rather than an object.<sup>206</sup> However, even communication and good intentions are not enough. There has to be what I have elsewhere called *reciprocal concrete incentives*. Here, the reciprocal concrete incentives are that the client gets a job or accomplishes some other project and the worker gets rewarded for the client's success. There are examples of where this occurs - e.g., health care, long-term care, special education, worker safety, and public housing tenants.<sup>207</sup> And there are examples of where this occurs in workfare - where agency officers listen to clients, work with them, and share the rewards for success.

The question then becomes: What mechanisms are there to foster contracts between dependent clients and workers administering workfare? A basic income guarantee (BIG) would facilitate this process. A basic income guarantee would not only provide a basic means of subsistence, alleviate poverty, restore social citizenship as a status, but also give the client an *exit* option. Thus, the client would no longer be forced to accept what the social service agency worker offered. Instead, the office would have to make the offer sufficiently attractive that the client would willingly accept.

<sup>206</sup> Handler, Joel , (1990), *Law and the Search for Community* (University of Pennsylvania Press).

<sup>207</sup> Discussed in Handler (1986), (1990).

---

The Basic Income group believes in "an income unconditionally paid to all on an individual basis, without means test or work requirements."<sup>208</sup> In part, the arguments for BIG are based on lack of credible alternatives - either Keynesian reflation or the unattractiveness of the United States low-wage labour market.<sup>209</sup> But the more important reasons are to restore social citizenship, alleviate poverty, and provide "real freedom" for people in terms of work, human capital development, and non-paid work."<sup>210</sup> This would be "a *right* to a basic income for every individual, regardless of work status, marital status, age or other income. It would be given as an *individual* right. It would not require any past or present labour performance, nor would it be made conditional on any labour commitment. The thrust of the idea is to give income security that is not based on past or present labouring status but on *citizenship*. It would give income security based not on judgmental decisions about 'deserving' and 'undeserving' behaviour or status, merely on the need for, and right, to basic security. However, it would be a modest security, so as to give incentives to work and for *sustainable risk-taking*."<sup>211</sup> As Standing and other proponents have emphasized, a basic income is not a panacea. Rather, it is part of the package that includes labour market and welfare reform. At the same time, it "should allow for adequate incentives to work, save and invest."<sup>212</sup>

The BIG (as distinguished from the Negative Income Tax) is paid to everyone and all earned income is taxed. Most other redistribution programmes

<sup>208</sup> Van Parijs, Philippe (ed) (1992), *Arguing for Basic Income. Ethical foundations for a radical reform* (Verso).

<sup>209</sup> Jordan (1997); Purdy, David (1994), *Citizenship, Basic Income and the State*. *New Left Review*, 208:30-48; Standing (1992); van Parijs, Philippe (1995), *Real Freedom for All. What (if anything) can justify capitalism?* (Oxford). As an example of BI, Block and Manza re-open the case for a negative income tax. Their proposed schedule of guarantees would bring all citizens to within 90 per cent of the poverty line. Block, Fred and Jeff Manza (1997), *Could We Afford to End Poverty? The Case for a Progressive Negative Income Tax*, *Politics and Society* 25 (December), pp.473-510.

<sup>210</sup> Standing (1999), p.354.

<sup>211</sup> Standing (1999), p.355.

<sup>212</sup> Standing (1999), p.357.



---

(e.g., welfare, family allowances, unemployment insurance) are no longer necessary and are eliminated since the basic income is supposed to provide a decent minimum. Thus, there should be a significant savings in administrative costs, although there would be some special needs (e.g., persons with disabilities). It is also argued that there would be no need for a minimum wage since workers would have the option of refusing to take jobs that do not offer decent wages and working conditions. Thus, according to Erik Wright, BIG should increase wages and working conditions. Since BIG is universal, poverty is reduced without the stigma of means-tested programmes. There are no poverty traps. Earnings are taxed progressively. It would reduce generational inequalities in opportunities, especially for poor children. It would reduce the inequalities of wealth and income that tend to undermine democracy and the community. BIG provides support for uncompensated care-giving as well as voluntary activities. It avoids the need to make distinctions between what is socially useful participation and what is not, which inevitably will be arbitrary.<sup>213</sup>

Thus, BIG sharply reduces, if not eliminates the major concern of this paper. By providing an *exit* option, BIG changes the terms of the social contract. Recipients are no longer subject to the whims of an overtaxed welfare system trying to decide whether recipients have fulfilled the necessary conditions of aid. Social services, education, training, and employment opportunities will still be offered by the state, but now, the workers will have to listen to the clients, assess their individual needs, and make offers that are attractive enough to encourage a client who now has “real freedom” to decide whether to participate.

On the other hand, as Wright says, most people must still work in the paid labour force to generate the production and taxes needed to support BIG. The basic grant has to be high enough to significantly reduce poverty but low enough to encourage people to seek paid labour<sup>214</sup> Rosanvallon, too, worries about

<sup>213</sup> Standing (1999), p.366. This would distinguish this proposal from Atkinson’s version which would require some form of participation. Atkinson (1998).

<sup>214</sup> As Esping-Andersen points out, the degree of de-commodification depends on the level of basic benefits (Esping-Andersen (1990).

---

disincentives. He argues that a basic income, in practice as well as ideology, will subsidize a permanent *excluded* group - those who are not self-sufficient. As pointed out, the fears of disincentives may be exaggerated. There is strong evidence in both the United States and Western Europe that most welfare recipients go to great lengths to get off of welfare even when they are worse off.<sup>215</sup> Rosanvallon argues that this group would be stigmatized because they would not be working. But if the programme were universal, the lines between work and non-work would be blurred,<sup>216</sup> and this would also encourage people to seek work in addition to the basic income guarantee. The basic income guarantee is not proposed as an alternative to the above-mentioned proposals to reform the low-wage labour market. With genuine full employment, with good jobs, those who would still be jobless would most likely be people with multiple handicaps or special child care or family care problems. From past experience, we know that many of these people would welcome rehabilitation and other supportive opportunities provided by effective social services, part-time or sheltered work, participation in community-based child and family care, and so forth. These people would not be stigmatized by received a basic income guarantee.

There will be some who that will not participate. There may be depression or other forms of mental illness, substance abuse - people who cannot be persuaded to enter into programmes. There will be others who abuse the system. It is this group which society demonizes. For over 600 years, Anglo-Saxon welfare policy has been under the shadow of the “sturdy beggar.”<sup>217</sup> And ever since, the Anglo-Saxon welfare policy has had a sorry record in trying to separate the “deserving” from the “undeserving poor.” This shadow has now crept over Western Europe. It is the spectre of this group - and the fear that decent, hard-working poor people might slid into this group - that leads to conditions and sanctions in social welfare systems, that creates bureaucracies, and the other pathologies of welfare systems.

<sup>215</sup> Standing (1999), p.365.

<sup>216</sup> Wright (2000) makes this argument.

<sup>217</sup> The Statute of Labourers (1348), the first welfare statute, prohibited the given of alms to sturdy beggars..

---

How many working people would really turn down a job with decent working conditions to join the socially excluded? The disincentives to work are more a function of the available labour market conditions than welfare benefits. The Western Europeans should not follow the Anglo-Saxon example in the vain hope that they are “different.” The benefits of a basic income should not be sacrificed to the spectre of the few who choose remain among the socially excluded.

Ralf Dahrendorf warns that once rights lose their unconditional quality, the door is open not just for the market but for rules that tell people what to do. Obligations of citizenship must remain general and public; they must be strictly circumscribed.<sup>218</sup> He agrees that a fundamental challenge comes from the socially excluded. The presence of an underclass is the most tangible evidence of the loss of social citizenship entitlements.<sup>219</sup> While it is feasible both economically and politically to tolerate the underclass, ignoring the underclass means suspending the basic values of citizenship for one category of people, and thus, weakening the intrinsic universality of citizenship claims. Doubts will then spread to the validity of other claims. “The majority will pay a high price for turning away from those who consistently fail to make it, and the fact that the price is intrinsically moral rather than economic should not deceive anyone about its seriousness”.<sup>220</sup>

<sup>218</sup> Dahrendorf, Ralf (1994), *The Changing Quality of Citizenship* in van Steenberg (ed.).

<sup>219</sup> Dahrendorf, pp. 10-19.

<sup>220</sup> Dahrendorf (1994), p. 16.+