

WORKFARE*

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This paper provides a brief introduction to activation programmes described as workfare, their background, variation in design and implementation in six European countries (Denmark, France, Germany, Norway, The Netherlands and The United Kingdom) and the United States (California, Wisconsin and New York City).¹

From passive to active policies

The last decade of the twentieth century witnessed the development of a fundamental challenge to welfare as a modern project. Attention shifted from debates about the level of welfare expenditure to questions about the desirability and usefulness of welfare pay-

ments, and as a result selectivity and targeting within social assistance are now being restored as desirable features of welfare provision (Lødemel 1997). This new orientation was applied to a range of welfare programmes, but was particularly focused on social assistance provision for people who were judged to be available for work.

Changes in the organisation of working life and the threat of rising welfare expenditure in a climate of increased global competition has led to a desire to make the welfare state more effective in terms of limiting spending and improving outcomes. Nowhere was the spending reduction objective clearer than in the US where welfare provision arrangements underwent a revolution in the mid-1990s. A cross-party consensus developed around the ambition of “ending welfare as we know it”, so that the Republican and Democratic parties only differed in the extent to which they supported the balance of measures to achieve change. In north-western Europe support for some form of welfare provision has proved more solid, and a willingness to depart from established principles regarding rights to welfare is less evident. However, on both sides of the Atlantic a new “wisdom” regarding the role of welfare has emerged.

The new wisdom incorporates the view that traditional cash benefits fail to support a proportion of recipients in becoming self-sufficient. European and American policy makers began to turn to new policies which seek to improve the skills and capabilities of jobless people who have been unable to find work and attempt to reduce disincentives to take on work (Heikkila 1999). This paper focuses on one part of the new policies: those that oblige social assistance recipients to work as part of the assistance contract.

Defining workfare

Workfare constitutes a specific type of activation, and as an ideal type it can be viewed as a form that places particular emphasis on disincentives in the form of the threat of sanctions (Hvinden 1999; Abrahamsen 1998). At present, no consensus regarding the definition of



* Workfare: Towards a New Entitlement or a Cost-cutting Device Targeted at Those Most Distant from the Labour Market?

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¹ This paper draws on material from the EU-funded project “Social Integration through Obligations to Work? Current European Initiatives and Future Directions” (Lødemel and Trickey 2001, Lødemel 2002), which describes the situation in each nation in 2001. At present, no comparative material that could facilitate a systematic discussion of developments after that date is available. A rudimentary reading of recent literature shows that in most countries the nature of activation is undergoing important changes. Examples of recent changes to national policies are as follows: In Denmark: after the present right-wing government took office in 2001, the focus has shifted from a strong focus on social integration towards a greater emphasis on disciplining. Germany: As of January 2005 benefits for able-bodied (former) social assistance recipients has merged with benefits for the *uninsured* (former) recipients of unemployment benefits. The introduction of this reform has resulted in a spread of more “workfare-like” policies in Germany. This has taken two forms. First, the compulsory activation programmes for recipients of social assistance are now more universally applied and sanctions play a greater role in the system. Second, the unemployed groups (uninsured) previously not targeted by this form of activation, currently receive the same treatment as social assistance recipients (Ochel 2005). Norway: here we find an opposite development to that of Germany. Social assistance recipients are increasingly incorporated into active labour market programmes traditionally designed for the insured unemployed. Britain: Recent developments in the New Deal for young people suggest a move towards a stronger emphasis on personalised services, focusing more on individual problems and resources, thereby (perhaps) moving it even further away from an idealised model of workfare. US: Recent developments include a stronger role of sanctions (as compared to activation) and a stronger emphasis on work (“work-first”) as compared to human resource development (Handler 2004). This may suggest that the US have moved further in the direction of an idealised workfare model than we can see from the comparative material presented in this paper.

workfare exists. In order to carry out a first international comparison of such programmes, the research group responsible for the study from which this paper is hewn therefore needed to develop a shared definition which could be used for delineation and comparison: *Programmes or schemes that require people to work in return for social assistance benefits* (Lødemel and Trickey 2001).

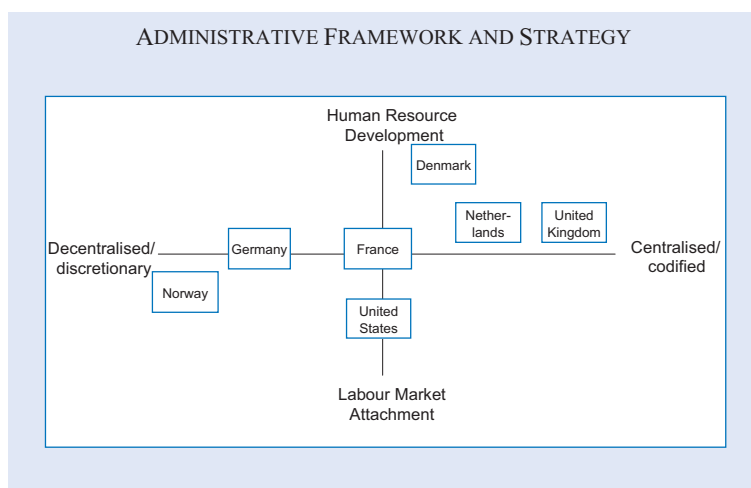
The definition has three elements – that workfare is compulsory, that workfare is primarily about work, and that workfare is essentially about policies tied to the lowest tier of public income support. Each of the three elements influences the way social assistance is delivered. Used in combination, the introduction of work and compulsion tied to the receipt of aid represents a fundamental change in the balance between rights and obligations in the provision of assistance.

A crucial question for future development is therefore the extent to which workfare will represent first and foremost a curtailment of pre-existing rights or whether it may have the potential of providing a new form of entitlement in addition to financial support. Because the definition sets out an “ideal type” it becomes possible to examine the extent and direction of divergence in national programme development.

Types of workfare

Based on the systematic comparison of programme differences in aims, target populations, administrative framework and divergence from an idealised workfare model (LMA)² towards greater emphasis on a human capital development approach (HCD) and on “tailored” programmes, the group of researchers were able to identify a three-nation group of programmes with shared characteristics, while the programmes in the four other nations were less easily grouped (Figure). The Y-axis is based on a qualitative assessment of the ideological underpinnings –

² In the Figure expressed as Labour Market Attachment (LMA). The programmes included in the comparison were: Denmark: Activation; France: RMI-based insertion; Germany: Help Towards Work; Netherlands: Jobseeker’s Employment Act for Young People; Norway: Local authority based workfare schemes following the 1991 Social Assistance Act; United Kingdom: New Deal for Young People; United States: State programmes following from PRWORA, but, represented by programmes for TANF recipients operating in California, New York City and Wisconsin.



from integrative to preventive – while the X-axis shows the extent to which programmes are centralised in terms of funding, legalisation (discretionary versus more entitlement based) and the extent to which programmes are integrated with active labour market policies (ALMP) targeted at the insured.

The first group might be labelled “European centralised programmes”. These Danish, Dutch and British programmes are underpinned by an ideology which supports “integrative” as well as “preventive” aims. These programmes have a broader target population, are more visible and so aim to appeal to a broader electorate. A key element is their “universal” rather than “selective” status. The centralised programmes tend to have a wide range of placement options available, including options which emphasise “human capital development” as well as “labour market attachment”. In the Figure the most centralised programmes are situated within the top right hand corner (centralised, and with an emphasis on human resource development). This reflects a strong funding base enabling more resource intensive forms of assistance. These programmes diverge strongly from the idealised definition of workfare and features elements which may suggest that they provide participants with new resources in their struggle to (re)enter the labour market.

The more decentralised policies focus less on human resource development and more on prevention and other aspects associated with the LMA-approach. These are, however, less easily typified compared with the cluster presented above. The German programmes feature strong national variation but are in general decentralised and segregated from programmes targeted at the insured. The quality and number of placement options varies substantially, but the overall assessment found these programmes to focus more on pre-

vention and less on human resource development compared with the first three sets of programmes presented above. The French programmes were less easily placed. While the ideological underpinning was clearly integrative, these aims were not reflected in the strategy of programmes. The most decentralised programme – Norwegian Workfare – also demonstrates the relationship between centralisation and other factors in a decentralised, broadly preventive-oriented programme with a strong focus on labour market attachment objectives.

Given that the US programmes are often presented as a model for workfare delivery, the differences between US and European centralised programmes are important. The US programmes described here combine a moderately centralised approach with an emphasis on preventing claims rather than integrating clients; labour market attachment rather than human resource development; a limited range of short-term solutions; and strong sanctioning policy. The difference is certainly linked to the strong individual-focused ideology behind US welfare policy making.

The fact that many workfare policies are currently undergoing rapid transition suggests that the groupings presented above may already have altered (see fn. 1)

The extent of policy diffusion and convergence

The rapid spread of a new emphasis on matching entitlement to obligations in the provision of social assistance may have been facilitated by the diffusion of ideas from the US to policy makers in the six European countries studied. Diffusion is therefore a possible explanation for the introduction of similar programmes in several European nations within a relatively brief time period. However, if we look beyond the introduction of compulsory participation at the extent of possible qualified convergence, our findings suggest that the cross-Atlantic diffusion of ideas has not been matched by the import of US-style programmes in Europe. This is perhaps best exemplified by the UK where the influence from the US has received the greatest political and academic attention. We found, however, that programmes in these two nations differed substantially, with the UK following an integrative strategy, while US programmes were more focused on preventing claims for financial assistance. Further studies into the diffusion of workfare programmes may find it more

fruitful to look at intra-European processes of policy transfer. The identification of a cluster of similar programmes in Denmark, the Netherlands and the UK in 2001 may provide an interesting case for future studies of geographical diffusion.

The impression that there is divergent development between the programmes of the two English-speaking countries considered here is further strengthened when we look at the programme effects of introducing workfare. Among the seven nations considered, the impacts of these changes were greatest in the US and the UK. In spite of widespread assumptions about the diffusion and the shared departure from previous entitlements to assistance with few conditions attached, these two countries pursue very different strategies in their workfare programmes. This suggests that similarities in the degree of centralisation may not result in a convergence in the content of the new workfare programmes. The strong divergence of the two programmes in the Nordic model reiterates this. However, the possible qualified convergence found between the social assistance schemes of the UK, Denmark, and the Netherlands has resulted from both a shared strategy to workfare and new similarities in the administration of social assistance.

Because the workfare programmes target only a proportion of social assistance recipients, the new convergent changes in administration caused by the programmes may not have greatly altered the social assistance regimes as they were described in the mid-1990s. Our findings indicate, however, that the previously centralised schemes are now more local, less entitlement based and more cash-care multifunctional. With the possible exception of the Dutch and Danish schemes, the introduction of workfare may therefore be part of a convergence towards a model of a local and cash-care multifunctional social assistance previously associated mainly with the Nordic countries (Gough et al. 1997). The deviation from previous similarities and the variation in social assistance can perhaps be best summed up as new diversity (Enjolras and Lødemel 1999). If this is the case, we need to reassess the social assistance typologies (or regimes) as they were described in the 1990s. Jessop (1993) predicted a convergence towards a “Schumpeterian workfare state” and considers the spread of workfare as defined here to be an important part of this convergence. If we accept Jessop’s description of wide-ranging changes in “the model of regulation”, which involves a departure from the welfare states as we have known them, it should not

come as a surprise that diversity is the result. There is little to suggest that the “Schumpeterian workfare state” (Jessop 1993) should engender more similarities than those systems of welfare existing under the former Keynesian or Fordist models of regulation.

Does workfare work?

On the political level, the aims of the workfare programmes are multiple: to cut costs, increase self-sufficiency, prevent social exclusion and to enhance employment. A review of effect evaluations found that two outcomes are most frequently measured: earnings and transitions to employment. Whereas earnings are more frequently measured in the US, most European studies focus on employment effects.³

Although the available evidence is suggestive rather than conclusive, many European studies indicate that workfare programmes have a positive employment effect, and, where this is measured, also increased earnings after participation. Because studies often find that participants have multiple barriers to the labour market, it is also important to note that many go on to other ALMP-schemes (which in turn may aid their transition to work), or they become entitled to other social security benefits after participation has facilitated improved insight into and documentation of their health problems.

Several studies point out that job training in private firms or activation similar to ordinary work is the most promising approach to increase employment. Those with placements in private sector jobs stand a better chance of entering regular employment than those in the public sector. This is important because most European programmes are oriented highly to the public sector.

Some participants, usually the young, people with higher educational levels and those with less social problems seem to benefit more from participation in activation programmes than others. In addition, being activated seems to encourage younger people to take up ordinary education.

In several programmes there seems to be a “creaming” of participants: Welfare officers select participants who are most likely to obtain regular work after leaving the program. Thus, it is likely that a num-

ber of these participants might have found a regular job on their own, without the effort of public agencies.

In spite of the compulsory nature of programmes a majority of participants articulate satisfaction with the programmes. Increased confidence, well-being and education/work opportunities may result from both the programmes themselves or from the increased contact with other people. Programmes therefore show a potential for improving both human- and social capital.

A striking cross-Atlantic difference in research was documented in our systematic review of studies. While solid effect evaluations are seldom used in Europe, the evidence is generally much stronger in the US where numerous large-scale randomised controlled trials (RCTs) have been conducted.

Although our review suggested some positive effects in the six European nations, other crucial dimensions are seldom addressed here. Among these are programme effects on poverty; differences between programmes which are voluntary or compulsory, selective or universally applied to the target group; and “created work” programmes with few options versus individually tailored programmes which include different options based on systematic mapping of barriers and resources among participants. Also, few studies focus on the long-term effects of participation, as well as the undesired effects of dropping out and possible further marginalisation as a result of the requirement to participate.

Conclusion

This first comparative study used an ideal-type definition of workfare. Our evidence showed that this definition of workfare only applies to some of the programmes considered.

This discussion has also highlighted two different developments which may impact on the way workfare will develop in the future. On the one hand, the clientele targeted by workfare is likely to be more distant from the labour market in the future. At the same time, a tendency towards a stronger human capital approach in some of the countries studied may suggest that future programmes will be better tailored to the needs of these groups.

On both sides of the Atlantic we are witnessing a redirection of welfare provision with the aim of fur-

³ This discussion is limited to European studies. This review was made in 2000.

thering integration and inclusion. At the moment we can distinguish between two different experiments taking place. In Europe – particularly among the European centralised programmes – the experiment involves a move away from entitlement to unconditional aid and, perhaps, towards a new kind of entitlement more suited to the risks and changes in modern society (Leisering and Walker 1998). In the US the experiment is more dramatic. By combining an end to entitlement and an accompanying emphasis on compulsion and harassment rather than help, this nation is the first to follow the advice provided by Malthus more than two centuries ago: “If welfare is the root of exclusion, the best way to inclusion is to do away with welfare”. It will take time, and more long-term evaluation will be necessary before we can begin to assess the success of either experiment. Evaluation in this case depends on the extent to which this strategy succeeds in providing individuals with real and new opportunities. For workfare policies to be successful, they need to compensate for providing “less” in a traditional sense, by providing “more” in this new sense.

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