



TranState Working Papers

WELFARE STATE TRANSFORMATION
BETWEEN “WORKFARE”
AND AN “ENABLING” STATE
A COMPARATIVE ANALYSIS

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No. 21

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Staatlichkeit im Wandel • Transformations of the State
Sonderforschungsbereich 597 • Collaborative Research Center 597

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Sfb597 „Staatlichkeit im Wandel“ – „Transformations of the State“

Bremen, 2005

[ISSN 1861-1176]

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(TranState Working Papers, 21)

Bremen: Sfb 597 „Staatlichkeit im Wandel“, 2005

ISSN 1861-1176

Universität Bremen

Sonderforschungsbereich 597 / Collaborative Research Center 597

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ABSTRACT

Some scholars of social policy claim that the traditional post war *Keynesian Welfare State* has been transformed towards a *Schumpeterian Workfare State* (Jessop 1994, Torfing 1999a). Others conceptualise welfare state reform as transformation towards an *Enabling* (Gilbert/Gilbert 1989), *Activating* (OECD 1990, Bandemer 2001, Mezger 2000) or *Co-operative State* (Schmid 1996). All these concepts have in common to be rather normative: While the 'Workfare' thesis underlines a negative scenario of enforced commodification of welfare state clients, authors proclaiming an activating, enabling or co-operative welfare state highlight the preventive and emancipatory aspects of new welfare state policies.

With reference to this controversy the author of the present paper, however, argues that the workfare and the enabling state are not alternative paths of development, but mutually constitutive concepts of welfare state transformation. Evidence for this argument is given by a comparison of activating labour market policies in most divergent Western European welfare states like Denmark, the UK and Germany.

Empirical findings indeed confirm that all countries implement a mix of workfare and enabling elements although displaying major variations due to different historical social policy paths. General characteristics of policy transformation are changing forms of governance. These include the reduction of welfare state protection by financial transfers and the increase of social and educational services. The introduction of contractual regulation puts forward individualisation and self responsibility, but also co-operation and co-production between the state and the individual. Seeking clients' compliance, however, the state also increases sanctions and coercion. As a result of the reforms an increasing influence of the state on the individual's living conduct is noticed.

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INTRODUCTION

Some scholars of social policy claim that the traditional postwar 'Keynesian Welfare State' has been transformed towards a 'Schumpeterian Workfare State', thus underlining a negative scenario of enforced (re-)commodification of welfare state clients (Jessop 1994, Torfing 1999a). Others conceptualise welfare state reform as a transformation towards an 'Enabling' (Gilbert 2002, Gilbert/Gilbert 1989) or an 'Activating State' (Bandemer 2001, Mezger/West 2000, OECD 1990), which resumes many aspects described as "The Third Way" (Giddens 1997 (1994), 1998a, 1998b)¹. As a positive concept the *Enabling State* highlights the preventive and emancipatory aspects of new welfare state policies (for an overview of the theoretical debate see Dingeldey 2005a). Although supporting different normative views, both concepts imply a paradigm shift of classical welfare state policies redesigning the relationship between welfare state and the individual.

Available empirical studies concerning this topic are mostly conducted in the field of employment policy as both, the workfare as well as the enabling thesis, identify labour market activation, respectively the concept of employability as being central to welfare state transformation. As the support for either thesis is mostly grounded in single country studies, however, this may not give enough empirical evidence to finally solve the above outlined controversy (Andersen 2002, Clasen/Clegg 2003, Cox 1998, Torfing 1999b, Trube 2003, Trube/Wohlfahrt 2001; exceptional: Lødemel and Trickey 2000). The few comparative studies on the topic suggest that different countries may choose different paths of activation (Andersen et al. 2002, Barbier 2004, Barbier/Ludwig-Mayerhofer 2004). This may be more or less reduced to the argument, that different types of welfare states choose policy designs dominated either by the workfare or the enabling concept.

In contrast to all of these arguments, the author assumes that the workfare and the enabling state are not alternative paths of development, but mutually constitutive concepts of welfare state transformation. Furthermore, she proposes that both workfare and enabling elements are closely linked to new forms of governance that change the relationship between the welfare state and the individual. In line with these assumptions it is

* I am very grateful to Marion Linke Sonderegger who has investigated most of the data for the Danish country study.

¹ In the following I sum up these variants and refer simply to the projected development as 'Enabling State'.

supposed to find a mix of both workfare and enabling policies in most different welfare states that, nonetheless, is mirrored by particular national development paths. The main questions to be answered in this article are therefore: **Do reforms of activating labour market policy both strengthen workfare and enabling elements and are there country specific differences? What new forms of governance do emerge and how do they change the relationship between the welfare state and the individual?**

As analytical results I expect to find a shift of social policy that both increases workfare and develops enabling elements. Variations of the particular mix may be explained by different historical social policy paths. Beyond that variation other general characteristics of policy transformation are changing forms of governance. This includes the reduction of welfare state protection by financial transfers and the increase of social and educational services. The introduction of contractual regulation puts forward individualisation and self responsibility of the individual, but also co-operation and co-production between the state and the individual. Seeking clients' compliance, however, the state also increases sanctions and coercion. As a result of the reforms an increasing influence of the state on the individual's living conduct can be supposed.

In order to develop these arguments the concepts of the workfare and the enabling state are discussed in more detail, highlighting the ambivalence of each concept. Then the main goals of the so-called activating labour market policies are lined out. In order to generalise policy reforms the comparative analysis of labour market policy is based on most divergent Western European welfare state types, namely Denmark, the UK and Germany. To analyse the particular mix of workfare and enabling elements and to describe the new forms of governance, all case studies concentrate on three aspects: *First*, the development of the regulation and generosity of unemployment benefits; *second*, the development of active labour market instruments, particularly training programmes and placement services and *third*, the activities in order to achieve employability for groups which traditionally have been distant to the labour market, using mothers with dependent children as an example. The analytical interpretation concerning changing forms of governance and its implications for the relationship between the welfare state and the individual follows in a separate chapter. In the conclusion our results are discussed in respect to the proposed paradigm shift of welfare state policy.

1. CONCEPTS OF WELFARE STATE TRANSFORMATION

1.1 The Workfare State

A transformation from the 'Keynesian Welfare State' towards a 'Schumpeterian Workfare State' has been promoted over all by the regulation school. According to Bob Jessop, one of its most prominent authors, the break between the two regime types with respect to social policy is marked by three characteristics: "(1) domestic full employ-

ment is reprioritised in favour of international competitiveness; (2) redistributive welfare rights take second place to a productivist re-ordering of social policy; and (3) the primary role of the national state is deprived in favour of governance mechanisms operating on various levels”² (Jessop 1999:16, Jessop 1994).

Particularly in employment policy major changes are seen in the shift from Keynesian demand management to the management of the supply side and the flexibilisation of labour markets in order to create new jobs. The ‘workfare’ characterisation, however, is due to an observed change in the ‘workfare-welfare’ mix: The change from passive provisions of transfers to labour market activation programmes is seen as a pass from unconditional rights combined with almost no obligations to the conditioning of social rights linked to obligations (Torfing 1999a:374). In this context labour market activation and particularly ‘Welfare to work’ programmes are seen as paradigmatic for modern ‘market workfare’ because aspects of pressure or obligation exerted on the unemployed, particularly on welfare recipients, to (re-) enter the labour market also on low income jobs are stressed (Grover/Stewart 1999, Lødemel/Trickey 2000).

Therefore, workfare policies may be characterised by an increase of coercive and enforcing elements with respect to labour market participation, which may be produced by benefit cuts, the tightening of eligibility criteria, respectively the conditioning of transfer payments (for example in welfare to work programmes or to job seeking activity). Thus overall work tests, mandatory labour market programmes or work requirements would be qualified to be workfare.

An alternative interpretation of labour market activation, nonetheless, may highlight the state guarantee to labour market access or – using an older term – some form of a ‘right to work’. As far as mandatory activation includes choices, for example, to participate in training programs or guarantees minimum standards concerning the quality of acceptable jobs, frontiers between workfare and enabling elements are becoming blurred. Such an understanding and implementation of mandatory activation at least contains elements– like for example compulsory education – of guaranteeing chances of social integration and development of the individual. Furthermore also a workfare approach creates mutually obligations for the state and the individual: Not only is the individual obliged to work, but also the state is obliged to guarantee employment, which in consequence may mean that the state at least has to guarantee placement services or at most must operate as an employer of last resort.

² This means that the old national state is being hollowed out and new state capacities are displaced upwards to supranational levels, downwards to subnational levels, and outwards to trans-local levels (Jessop 1999).

1.2 The ‘Enabling’ Welfare State

Around 1990 the *Organisation for Economic Cooperation and Development* (OECD) designed the 'Active Society' (in the sense of facilitating access to work for all) as a future scenario of social policy. In this context a 'New Framework for Labour Market Policies' is centred around the improvement of employability, particularly for disadvantaged groups and with special emphasis on the support of labour market access for women. Recommended policy measures are training policies to improve human resources but also the combination of various types of income support to avoid work disincentives. In this context 'Activation' is regarded to be positive and based on the idea "to foster economic opportunity and activity for everyone in order to combat poverty, dependency and social exclusion" (OECD 1989, OECD 1990:8).

Since the Luxembourg meeting in 1997 also the *European Union* enhances policy reforms under the heading of 'activating' employment policy, focusing on 'employability' as a major goal (Aust 2000, Keller 1999, Lefresne 1999). Central to this approach is an increase of labour market participation, targeting for example female participation rates at 70 % for all member countries (Aust 2000).

The idea of an active society, however, has implications for the understanding of citizenship and the role of the welfare state. The British Government of *Tony Blair* sketched welfare reform as a 'Third Way'³ (Secretary of State for Social Security; Minister for Welfare Reform 1998). This is based very much on the rhetoric of reciprocity between welfare state and benefit claimants pointing at a new balance of 'rights and responsibilities' (Giddens 1998b). This point of view was mainly adopted by the German Chancellor Gerhard Schröder when he lined out his new welfare policy as 'challenge and support' (Fordern und Fördern) (Schröder 1995). In 1999 this new perspective on social policy was even formulated as a common strategy of both social democratic leaders (Schröder/Blair 1999).

Due to this concept the 'active' citizen is no longer regarded as a passive welfare recipient. As a co-producer he is supposed to be actively involved in the production of social welfare and to participate in decision-making processes (Olk 2000:112f). In order to enable all citizens to active participation and self-responsibility it is supposed that the welfare state provides a framework of infrastructure and services that offset unequal opportunity structures (Giddens 1998a, Mezger/West 2000, Bandemer/Hilbert 2001, Gilbert 2002, Gilbert/Gilbert 1989:8).

To typify labour market reforms as 'enabling' the employability of individual clients should be supported by different measures: First an improvement of labour market ser-

³ He leans his concept very much on thoughts of Anthony Giddens who may be regarded to be the main architect of this approach (Giddens 1998b, 2000, 2001).

vices over all in respect to placement services and an increase of training programs is to be expected. Furthermore, all regulations which may negatively effect labour market participation or that may work as work dis-incentives should be abolished. Beyond pure labour market policy, an enabling approach finally has to reflect certain aspects of infrastructure respectively (public) services which are central to the employability of particular groups. In order to guarantee gender equality, namely mothers' employment, for example the supply of child care facilities seems to be central. This also applies to services with respect to the care of the elderly, and/or furthermore with respect to services like (public) transport a.s.o.. Thus the co-ordination of labour market policies with other policy fields becomes necessary in order to provide the respective services or the work-friendliness of regulations.

The ambivalence of enabling policies becomes evident when the state wants to make sure that individuals make use of enabling offers, namely co-operate to improve their employability and to find a job. Thus, an increase of control and sanctions against the individual must be expected to be linked not only to workfare programs but also to enabling policies although they may be less central in the latter (Dahme/Wohlfahrt 2003).

The concept of activating labour market policy reflects central features of the supposed welfare state transformation. It displays exemplary the changing relationship between the welfare state and the individual, but highlights also that the concepts of workfare and enabling are implicated in each other.

2. 'EMPLOYABILITY' AND 'ACTIVATION' AS NEW GOALS IN LABOUR MARKET POLICIES

In the so called golden age of the classical welfare state, namely the 1960s and 1970s, macro-economic demand management was supposed to achieve full employment. Rather comfortable unemployment benefits secured the risk of mostly frictional unemployment for the core workforce. Since the end of the 1960s many countries started to introduce additionally active labour market policies for the fine tuning of labour market structures (see overview). Active policy instruments like placement services or training programmes aimed at a better matching between labour supply and demand. Public employment schemes were supposed to increase employment opportunities by work practice for particular problem groups. Even so extent and quality of such schemes varied very much between different countries.

Since the end of the 70s when Keynesian demand management failed to solve the severe economic crisis following the oil-price shock in 1973, nearly all countries turned towards supply side economics and the deregulation and flexibilisation of labour markets. Without macro-economic backing, however, active labour market policy was left

completely overburdened in the fight for full employment⁴. But it was not until the 1990s that beyond minor reforms and budget cutting a substantive modernisation of active labour market policy has been developed (Dahme/Wohlfahrt 2003)⁵ (see overview).

Overview: *Start of Active and Activating Labour Market Policies in DK, the FRG and the UK*

Begin of	Denmark	Germany	UK
active LMP	1977	1969	1978/1980
activating LMP	1993/94	1998	1996
development of unemployment benefits	cuts of benefit duration in the mid 1990s	minor and selective benefit cuts in the 1980s and 1990s	in the 1980s and in 1996: Introduction of Job-seekers' Allowance

Sources: Clasen (1999), Andersen (2001), OECD (1998:212/213), Gottschall/Dingeldey (2000), King (1993), Trickey/Walker (2000)

Some general features of activation labour market policy can be outlined as follows⁶: Public responsibility to gain full employment respectively to create new employment was formally withdrawn. The “meta-goal” of the employability policy now can be characterised as a kind of *supply-side-egalitarianism* (Streeck 1998) that stands for equal opportunities instead of equity. Thus, no more the structure of the labour markets, but the individuals are targets of policy interventions. Employability policies aim at improving the individual's capacity to work, respectively its competitive position on the labour market, for example by training measures. Furthermore, work incentives as well as the enforcement of labour market participation are becoming more important.

Due to this reform strategy future decommodification is linked closer to former commodification. This means that social security and the access to benefits depend on former labour market participation. In consequence these policies imply the universalisation of labour market participation and the creation of a ‘labour market citizen’ in the long run. An aspect that has been expressed already with the demand of the European Union to increase female participation rates up to 70 % (Aust 2000) or with recommen-

⁴ For an overview of labour market policy up to the 1990ies see King (1995), Whiteside (1998:97-111) for the UK, Gottschall/Dingeldey (2000), Schmid (1990), Schmidt (1993) for Germany, as well as Torfing (1999) for Denmark.

⁵ Besides the changing regulation in single countries also the European Union enhanced policy reforms under the heading of ‘activating’ employment policy, focusing on ‘employability’⁵ as a major goal since the Luxembourg meeting in 1997 (Aust 2000, Keller 1999, Lefresne 1999).

⁶ For Germany see Gottschall/Dingeldey (2000), Sell (2000), for the UK see Hyde et al. (1999), Lister (1998), and for Denmark see Torfing (1999).

dations of the OECD to increase labour supply for the longer term by a decrease of education periods and a delay of the effective retiring age (for Denmark: OECD 2003).

The question, how the common features of the new activating labour market policies have developed in the different countries as well as major differences of priority concerning workfare or enabling elements will be discussed in more detail in different case studies.

3. DENMARK

Being a pathmaker, the newly elected Danish government, dominated by the Social Democrats introduced activating labour market policies with its first labour market reform in 1994. At this time unemployment was just passing the peak of about 11 %, declining rapidly and being rather stable below 5 % since the end of the 1990ies. In 1995 and 1998 there have been further activating reforms (Andersen 2001). The most recent programme *More People in Work* started in 2003 (OECD 2003).

The regulation of unemployment benefit as workfare?

Starting from a rather high level of decommodification with respect to the status of unemployment, subsequent reforms increased stepwise the pressure for labour market participation – thus aiming at a recommodification of the unemployed (for a summary see table 1): Between 1994 and 1999 the duration of unemployment benefits was reduced stepwise from 8 to 4 years. Furthermore, mandatory activation was introduced and eligibility criteria were tightened. The period of unemployment benefit is divided into a *benefit period*, during which possibilities of activation are offered, and a so-called *activation period*, during which the unemployed worker has the right and *duty* to take part in education or job training. This activation period now starts after one year of unemployment (1/2 year for the < 30 years old) and is followed up by a new activating programme whenever a person is “*out of touch with the labour market*” for more than six months (OECD 2003:182). With the most recent reform any ‘reasonable’ job must be accepted from the first day of unemployment thus giving up any form of occupational protection, and tightened geographical mobility requirements include the acceptance of up to four hours of transport per day (Andersen 2002:70/1, OECD 2003:183/4). Furthermore, in 1998 the *Law on Social Assistance* was replaced by *Cash Benefit* which underlined the duty to work and the loss of benefits for those who refuse. *More People in Work* harmonised rules for both *Unemployment Insurance* and *Cash Benefit*. Now, for example, all unemployed workers are required to contact (appearance) labour market offices at least once every three months.

Also in the universalistic welfare state of Denmark with an extraordinary high level of social protection for the unemployed, cuts with respect to the duration of benefits but

also the introduction of mandatory activation have been successfully implemented⁷ and can be characterised as workfare elements. From a comparative point of view the Danish unemployment benefit system was maintained to be generous both in terms of duration and the level of benefits, and therefore also in relation to spending on passive labour market policy (see tables 1, 2 and 3).

To accomplish the picture it has to be mentioned that in Denmark also new opportunities for decommodification were introduced as part of ‘activating policies’ (see Dingeldey 2005b and below). In the beginning of the 1990s subsequently sabbatical, parental leave and training leave were introduced as three options of job rotation programmes (see table 4) and (Compston/Madsen 2001). Furthermore, the incentives for early retirement were increased. Between 1993 and 2002 this led to a decreasing activity rate of the Danish population by nearly two percentage points. The nevertheless high participation rate of 79.9 % reflects a steady increase of female participation whereas male participation keeps declining (OECD 2005a).

Placement services

In Denmark the unemployment insurance is organised by the trade unions on a voluntary basis. Unemployment benefit can be claimed only by members⁸ of the 35 independent unemployment funds, although the state finances the major part of the benefits (Braun 2003:95). In consequence the *National Labour Market Authority* (AMS) (working under the Ministry of Labour) is heading a separately organised *Public Employment Service* (PES) consisting of 14 regional offices directing local offices. At that level the *National Labour Market Council* (LAR) (parity of employers’ and employees’ representatives) works as an advisory body. Since the labour market reform of 1994 the *Regional Labour Market Councils* (RARs) (social partners and representatives of the municipalities and counties) is held responsible for the management of regional labour

⁷ Although neither the benefit cuts nor the introduced workfare elements alone can explain labour market developments they may have contributed positively to a decrease of long-term unemployment: In 2000 the transitions into long-term unemployment were less than 15 % resulting in a share of long-term unemployment of only about 20 % of total unemployment which itself has declined to only 4.2 % in 2001 (being at 8.5 % in 1990) (OECD 2002).

⁸ At present about 80 % of the labour force (also self-employed workers) are integrated. Trade-union-membership is not a prerequisite to become member of the unemployment insurance (Braun 2003). For unemployed people who are not members of the (voluntary) unemployment insurance the municipalities are responsible. Since 1998 they have been directing similar labour market instruments as the employment service with respect to their clients, particularly migrant workers Ibid..

market policy within the centralised framework⁹ (Arnkil/Spangar 2004:8/113f). Therefore regionalisation is one characteristic of the reform of employment services.

Other characteristics are the emphasis on employer services, individualisation and customisation¹⁰ (Arnkil/Spangar 2004). The strong emphasis on employer services is expressed by targeting employers' satisfaction and the active contacting and recruitment of employers as customers of the PES. Furthermore, the relation between PES and clients has changed. Part of the labour market reform was the introduction of an *Individual Action Plan* prepared in co-operation between an official of the Employment Service or the municipality and the individual client (Arnkil/Spangar 2004). These plans aim at employment through counselling and guidance, job-seeking, training or education. One of the crucial points of these plans is the balancing of individual wishes of the unemployed workers and state or market demands. Evaluation studies suggest that the introduction of these plans have led to an increase of interviews in the employment offices (150,000 more per year than prior to the reform). Furthermore, it is emphasised that still not the compulsive aspects of treatment predominate but the core values in Nordic social and labour market policy, namely the treatment of *“the citizen/user/clients as individual human being in his/her own right”* (Olesen 2001:104f/134).

Training policies

Since the 1960s Danish initiatives on *Labour Market Training (AMU)* have been embedded in broader strategies aiming at the general improvement of adult education and training. Most recently it has been renamed *Adult Vocational Training (AMU)* and has been linked to continuing training and further education measures for all adults at all levels, namely employed and unemployed persons (OECD 2001a). Most of the training takes place in *AMU-courses* which have been developed in co-operation between the state and the social partners¹¹. The training suppliers are autonomous and corporatist

⁹ The RARs can decide on the regions' activation budget (5/6 of all labour market administration funding to the regions) which all together increases regional/local influence (ibid).

¹⁰ This was accompanied by the introduction of a case-by-case-management as well as a retraining of the officials, respectively the recruiting of new specialists for the employment offices in order to meet the new challenges of client encounters (Arnkil/Spangar 2004). Furthermore, new technologies and new management techniques were used to improve placement services and the interaction between different actors in the labour market administration. An electronic data-processing-system has been developed which can pick up job-seekers' profiles extensively, including soft skills. Contract management is visible in the highly developed negotiation process between the different administrative levels (Braun 2003).

¹¹ AMU training programmes give nationally recognised competence. The training measures generally last one day to six weeks, but they can also be organised as longer integrated training programmes in which the vocational training elements are combined with general education elements. The social partners have set up 50 committees

governed *AMU-Centres* or (public) vocational training schools which are subject to the Minister of Education since 2001 (Haak 2003: 15).

Since 1994 the already mentioned job-rotation programme has been offering a training option for the employed (up to a period of one year) in order to create employment opportunities for unemployed substitutes. The scheme was also opened to the unemployed, thus giving the opportunity to interrupt unemployment – and reduce registered unemployment. The compensation rate for the unemployed as well as for the employed persons amounted to 100 % of unemployment benefit. In 1995 programme participation reached its peak with more than 9,731 employed and 29,706 unemployed persons on training leave (table 4). When the pressure on the labour market increased, benefit levels were cut down and the number of participants declined (Compston/Madsen 2001). Finally all the leave schemes were phased out.

Besides the leave schemes a participation of unemployed adults in the general education system was supported and compensated by unemployment benefit payments as well (up to 100 % for those >25; 50 % for those < 25). Since 2001 an apprenticeship for adults has been promoted as well (VEUD). Furthermore, short-term training measures to intensify the search for a job during the activation period as well as language courses to migrant workers are offered (table 4). The emphasis on training is also reflected by the comparatively high spending on training schemes of 0.85 % of the GDP (see table 3).

Thus, it has to be stated that in Denmark the moderate workfare path is accompanied by an intensification of training courses, namely programmes improving the human resources of employed and unemployed persons in order to enable them to find (better) jobs on the labour market. The strength of the enabling strategy of the Danish labour market policy becomes even more evident referring to the policies supporting the employability of mothers.

The Employability of mothers

A generous parental leave regulation was introduced in 1992 – as mentioned above - as part of activating labour market policy openly connecting family and labour market goals. Some experts see this even as a condition for its realisation: “ ... *parental leave was not implemented until the idea of job rotation enabled the objective of unemployment reduction to be added to its long-standing family welfare rationale*” (Compston/Madsen 2001:125). The instrument was created to give working parents the opportunity to take paid full-time leave for childcare (between 13 and 52 weeks for each

(from 1st January 2001: 15) for continuing vocational training which are responsible for developing training programmes in their respective sectors or occupational fields. Adult vocational training is offered free of charge (OECD 2001a).

child) as well as to ease the shortage of childcare supply which – in spite of rather good coverage in Denmark – still formed a massive obstacle to female employment at the beginning of the 1990s (Gavind 1989, cited by Jensen 1993: 106). The labour market aspect of this scheme was the contracting of an (unemployed) substitute in order to combat unemployment¹².

In 2002 there was a reform which integrated the former regulations of maternity leave (18 weeks) and different regulations concerning parental leave (10 weeks for father or mother), paternity leave (2 + 2 weeks (until 14th + until 46th week after birth) and the labour market option (up to 1 year). Keeping the duration of maternity and paternity leave unchanged, mother and father have now a joint right to 32 weeks of parental leave which can be taken together or separately, compensated equally to unemployment benefit. A prolongation of 14 weeks is possible – although without additional financial compensation. In total this new regulation signifies a cut of leave time by 20, respectively 6 weeks (Linke Sonderegger 2003).

Yet this will hardly affect Danish parents since most of the time they do not use all of their leave time allowance. Independently of the actual regulations of parental leave, in 90 % of all cases it is the mother who takes parental leave. But 85 % of mothers have been staying at home for only six months after childbirth (Wehner/Abrahamson 2003:26f). This demonstrates a high work commitment of Danish mothers and the institutionalisation of the *Individual Adult Worker Model*.

Although parental leave regulations may have been changed in line with the labour demand situation on the market (oversupply or bottleneck problems), they were never used as a major dis-employment strategy of women as the commitment both to working mothers and the increase of public childcare facilities was always maintained (Meyers et al. 1999). Since the 1990ies the provision of childcare in different age groups has rapidly increased from an average of 38.1 % in 1990 to 59.3 % in 2003¹³. Furthermore, half-time day-care places have largely been abolished and converted into full-time places maintaining good quality care (measured by one of the best staff/children ratios in Eu-

¹² Between 1994-95 in 58 % of all cases (87 % in the public sector) that condition was fulfilled (Compston et al. 2001). In 1994 this condition was made voluntary and the leave scheme itself was opened to the unemployed and the self-employed. Furthermore, the first six months of parental leave were made a right. After that participation rates increased up to 1.2 % of the workforce in 1994. Labour shortages particularly in the public sector led to new reforms reducing pay rates from 70 to 60 % of equivalent unemployment benefit during the leave. In consequence participation rates decreased to 0.7 % of the labour force in 1999. Ibid.

¹³ Coverage rates for the respective age groups are 56.1 % (0-2 years), 94 % (3-5 years), 80.9 % (6-9 years) and 12.6 % (10-13) in 2003 (Denmark Statistics 2004).

rope) (OECD 2002:102/162). Thus not only the option of full-time care but also of work and mothering has been improved.

This policy results in one of the comparatively highest employment rates of women with children in the OECD with 88.1 % for women with one child and 77.2 % for those with two children in 1998, the part-time proportion being rather low (13.3 and 16.2 % respectively) (OECD 2002:77).

The Danish labour market reforms altogether may be qualified as an interlocking of workfare and enabling elements which are, however, dominated by enabling policies. Furthermore, a high level of co-ordination between different policy fields with respect to labour market activation is obvious. This results in one of the highest labour market participation rates (mostly on a full-time basis also for mothers) of all Western European welfare states. Accordingly, Denmark may be one of the countries where the philosophy of activation has widely been accomplished.

4. THE UK

In the UK workfare policies had already started under Conservative rule during the 1980ies while explicit activation policies began in 1995. When *New Labour* came into power unemployment rates were already declining and finally stabilising at about 5 % of the labour force. The new labour market policy may be described as continuing the former approach but accomplishing it with more elements to enable labour market participation introducing the *New Deal* or *Welfare to Work Program* in 1998 and changing the tax-benefit system. Hence, labour market policy followed a step-by-step approach making labour market activation more and more inclusive.

The regulation of the unemployment benefit as workfare?

Workfare elements in the UK have a longstanding tradition (King 1995). A major reform of unemployment benefit in this respect has taken place in 1996 when the systems of contributory *Unemployment Benefit* and non-contributory *Income Support* for unemployed claimants were substituted by the *Jobseekers' Allowance (JSA)*. This retains a contributory component which lasts only six months (before: 12 months). Therefore the majority of people on JSA (about 85%) claim the means-tested allowance (Clasen 2003, Trickey/Walker 2000:189). Furthermore, unemployment claimants are required to sign a *Jobseekers' Agreement* specifying the detailed steps to take on the way of reintegration into work. The actions of individual clients are monitored fortnightly by officials who have received new discretionary powers, enabling them to issue a *Jobseekers' Direction*, i.e. requiring individuals to look for jobs in a particular way and to take certain steps to 'improve their employability' (Clasen 2003, Trickey/Walker 2000:188)

In line with these policies programmes with mandatory work experience for the young unemployed were introduced, for example 'project work' in 1996

(Trickey/Walker 2000: 188, Whiteside 1998:102). So, the main focus of labour market reform under the conservative rule was described as “... *to make conditionality more explicit, tightening controls, prescribing job-seeking behaviour and stiffening sanctions for non compliance*” (Clasen 2000:97).

New Labour did not change the unemployment benefit policies, which resulted in comparatively low replacement rates and a continuous decline of the degree of social protection for the unemployed (see tables 1 and 2) (Clasen 2003). Accordingly, *New Labour's* strategy in employment policy concentrated on assisting people to find jobs, thus introducing more enabling elements with the '*New Deal*' or '*Welfare to Work Program*' since 1998 and increasing work incentives (see below).

Training and work experience programmes were targeted at the young unemployed (*NDYP*), the long-term unemployed (*NDLTU*) and at lone parents (*NLDP*). In 1999 programmes for partners of the unemployed (*NDPU*), in 2000 for the unemployed aged 50 and above (*ND 50+*) and finally in 2001 for disabled people (*NDDP*) followed (OECD 2002/1:60). For the young unemployed, for the long-term unemployed and since 2002 also for the partners of the unemployed (< 45 years, no children) participation in the *New Deal* is mandatory. For lone parents only the attendance of work focused interviews is mandatory since 2002 and can be sanctioned by benefit reduction, whereas participation in programmes is voluntary (for more details see below)¹⁴. Thus, benefit receipt is connected to increasing conditionality.

Taking into account the sharp benefit cuts during the 1990s and the manifestation of mandatory participation in employment schemes, British labour market policy can be characterised as having a strong workfare character. This, however, may be only half of the story.

Placement services

In the UK the *Employment Service* (ES) is responsible for the payment of unemployment benefit, the delivery of labour market programmes and for job placement. Since 1990 it is a designated executive agency the (now called) *Department for Work and Pension* which sets performance targets and allocates resources, although the ES has autonomy in the way in which it delivers its services. The ES has seven English Regional Offices and offices for Scotland and Wales which negotiate performance targets, operational plans and resource allocation with local offices. A close link between job-broking and benefit administration had already been introduced with the *Job-seeker's Allowance* in 1996 (Konle-Seidl/Walwei 2001:37ff). Since 2001/02 work and benefit services have started to be integrated into the new *Jobcentres Plus*.

¹⁴ The New Deals for the older workers as well as for disabled people are voluntary.

Part of the *New Deal* is a so-called 'Gateway period' in which the *Individual Action Plan* is assigned by the client and a personal adviser. Individual counselling is supposed to improve motivation, build self-esteem and ensure that placements and training are appropriate to individual needs. Hence, not only counselling and enabling, but also control as well as the sanctioning potential of the administrative staff has increased in order to check the jobseekers' efforts to find work, to accept one of the new deal options - or to cut their benefit (Clasen 2003).

The emphasis on the placement service as part of active labour market policy in Britain is reflected by high spending rates (as % of GDP) for the public employment service – over all compared to total spending for labour market policy (see table 3). Even so, the success of the placement policies in Britain may be demonstrated by the fact that the target of 40 % of participants finding unsubsidised employment during the gateway period (first four months of unemployment) had almost been reached by September 2002 (Clasen 2003).

Training policies

For those who are still without employment after the gateway period the new deal offers a wide range of opportunities to be 'activated': participants can choose between the options of subsidised employment, self-employment, voluntary work and twelve months of free training. Not surprisingly nearly half of all participants chooses the training option (see table 5).

Training policies do not have a very long or strong tradition in British employment policies (Dingeldey 1996). Under conservative rule the former *Department of Employment* was given contractual responsibility for employer led *Training and Enterprise Councils (TECs)* through which the delivery of training programmes was privatised. As in 1997 the new Labour government was elected *TECs* were already under political pressure. They had accumulated trading surplus from their contracts for the long-term unemployed, and had reinvested the resources in cash reserves and other initiatives. New Labour therefore replaced the *TECs* by the *Learning and Skills Councils (LSCs)*. These are again firmly placed in the public sector and responsible for distributing funding for all post-compulsory school age education and training. Like the *TECs*, the *LSCs* still deliver their programmes by contracting with a diverse range of public, private and voluntary sector organisations (Finn 2004).

In spite of these reforms the scope of training that might lead to an increase of human capital and thus access to better paid jobs has remained modest. In a comparative view training and skill enhancement is rather underdeveloped. This may be reflected by the fact that the expenses for training programmes for unemployed adults (0.05 % of the GDP) and the support of apprenticeships for the young (0.11) hardly exceeded the expenses for the employment service (see table 3).

Thus, integration into the labour market or “Work First” can be described as the main immediate aim of British activating labour market policies leaving the enabling aspect at least with respect to the development of human capital as a minor goal. The promotion of employability in the UK therefore seems to be linked much more to the increase of work incentives than in other countries. This may be demonstrated by the policy changes towards the employability of working (lone) mothers.

Employability of Mothers

Besides the young and the long-term unemployed workers *New Labour's* employment policies addressed work-poor households (no adult employed) in order to combat (child) poverty and social exclusion. Thus, the *New Deal* targets explicitly Lone Parents (NDLP). But also low-income-earners in couple households with (several) children and – again - lone parents receiving social assistance were addressed by several changes of regulations and schemes summarised under the headline of *Making Work Pay*. The introduction of a minimum wage can also be mentioned here. The *Married Couples' Allowance* in the tax system which in general is assumed to be a disincentive for the employment of married women was abolished and instead a flat rate *Child Benefit* payable to all parents was introduced (Dingeldey 2001). Anyhow, the main reform took place with respect to in-work-benefits namely the re-regulation of the then called *Working Family Tax Credit (WFTC)* in 1999. This instrument was again redesigned in 2003 as a general *Working Tax Credit (WTC)* available to all adults. For families, respectively children a *Child Tax Credit (CTC)* is additionally available.

Hence, the *WTC* itself or its combination with the *CTC* is a mix of measures and regulations of employment, tax and family policies implemented as a negative income tax paid by the Inland Revenue. The intention of these “in-work-benefits” is to combat the problem of work-poor households and working poor households (low income although working) by eliminating poverty traps for those on benefit and increasing disposable market income by transfers with regard to the number of children to be maintained¹⁵ (Budget 1998). In 2002 1.3 Billion families were supported by that programme (Inland Revenue 2002). The spending on these tax credits exceeded the spendings on all New Deal programmes by five times (Clasen 2004).

¹⁵ A household with children is entitled to WFTC if at least one adult takes up an employment of at least 16 hours per week. (Strickland 1998). Compared to the former *Family Credit* the WFTC has increased credits for children and the earnings threshold, but reduced the taper (marginal 'tax rate') to only 55 per cent. Additionally generous childcare tax credits (as a maximum of 70 % of total costs) up to 100 pounds a week for one child, 150 for two children are given to the respective households (Rake 2001). Thus taking up low-wage employment or part-time work should already 'pay'.

In order to achieve employability particularly for mothers these schemes were linked to the *National Childcare Strategy*¹⁶ (Harker 1998) targeting a guarantee of a nursery place for every four-year-old by September 1998, as well as the provision of 66 per cent of places for three-year-olds by 2002. 90 % of the additional funding of the *National Childcare Strategy*, however, will be for out-of-school childcare (Harker 1998). With respect to participation this goal has nearly been reached now: Approximately 90% of 3-4-year-old children take part in nursery schools or reception classes. Places in day nurseries (9.5 % of places/100 children in respective age) as well as in out-of-school clubs (8.2 %) have increased considerably until 2001. The only problem is that opening hours especially in nursery schools and reception classes cover only a few hours in the morning, so that in the end mothers are not employable for regular (full-time) employment without other childcare provisions as for example by family members¹⁷ (Finch 2003).

The fine-tuning of the employment schemes and childcare provision works well only for a rather small target group, namely (lone) mothers with school-aged children, as there is a concentration of financial support for the increase of places in after-school-clubs (Rake 2001). In spite of that many mothers still face a serious gap in childcare provision, constraining their employment participation.

An increase of the activity rate of lone mothers up to over 50 % in 2001 (Budget 2001) can possibly be related to this policy. In 2000 employment rates of 72.9 respectively 62.3 % for mothers with one or two children are middle range. Furthermore, severe restrictions to mothers' employability – understood as the capacity to earn a family wage - are expressed by an extraordinary high percentage of part-time work (46.6 and 62.8 %), which is mostly supposed to be short-time marginal part-time work in the UK (OECD 2002: 77/78).

To sum up, *New Labour's* employment policy can not easily be described as pure workfare. The main accent of the activating approach still lies on the improvement of job placement and counselling as well as on an increase of financial work incentives. Pure enabling elements like training programmes as well as the provision of childcare (with respect to the employability of mothers) are part of the strategy although still not

¹⁶ To demonstrate the necessity of this step it has to be mentioned that the provision of childcare was rather low even in the 90ies: For children under 5 years of age coverage rates of public and private institutions did not exceed 11 % in the UK (Rostgard/Fridberg 1998).

¹⁷ The free places for the under-4-year-olds consist of a minimum provision of only three 11 week terms of five sessions per week lasting 2.5 hours. Thus the minimum provision adds up to just 12.5 hours a week and leaves parents to cover more than a third of the calendar year unassisted (Rake 2001). Thus the provision of childcare often does not even cover the working time requirements of the WTC, which is at least 16 hours a week.

developed as encompassing instruments with high quality. Critics of that policy therefore state that it is only a partial path break towards an individual adult worker (Lewis 2001).

5. GERMANY

Additionally to the compensatory or passive labour market policy Germany has a long-standing tradition of active labour market policy, at least since the *Employment Promotion Act* of 1968. Thus enabling elements like training schemes, but also subsidised employment and various other publicly financed instruments have been very well institutionalised¹⁸ (Adamy 1999, Gottschall/Dingeldey 2000, Schmid/Wiebe 1999, Sell 2000). In the beginning of the 1990s it was not restructuring but an expansion of these traditional instruments of unemployment compensation and active labour market policy, particularly job creation schemes (*Arbeitsbeschaffungsmaßnahmen*) which were at the agenda to cushion mass layoffs which were the consequences of the reunification process (Heinelt/Weck 1998). However, the burdens of restructuring and the high unemployment rates overburdened the traditional instruments.

A programmatic change of labour market policy followed only in 1998 with the reform of the *Employment Promotion Act*¹⁹. At that time unemployment rates were still high at about 8 % and they have not significantly declined since then. With the *Job Aktiv Law* (*Job Aktiv Gesetz* 2002) and the subsequent *Legislation for Modern Services on the Labour Market* (*Erstes bis viertes Gesetz für moderne Dienstleistungen am Arbeitsmarkt*, 2003-2005), also named *Hartz I-IV* after the head of the respective commission on labour market reform, the red-green coalition consolidated an activation approach in labour market policy.

¹⁸ This was complemented by activation programmes for recipients of social assistance in programs called 'Help to Work', implemented by the municipalities. These vary significantly due to the situation in different local authorities but may contain stronger workfare elements than programmes for unemployment benefit recipients (Voges et al. 2000). The enforced activation of mothers on social assistance (single mothers represent about 20 % of all households on social assistance) is still legally restricted, as childcare responsibilities still have priority to the duty to work (Bäcker et al. 2000: 217/9).

¹⁹ This reform integrated labour market policy formally into the *Social Code* (*Sozialgesetzbuch*). Programmatic changes took place insofar as government responsibility to create employment was given up formally (see §§1,2 SGB III) and there was an increasing demand of self-responsibility of labour market agents (Gottschall/Dingeldey 2000).

The regulation of the unemployment benefit as workfare?

Concerning *Unemployment Benefits*, a first wave of major cuts had taken place in 1993 still under conservative rule²⁰. That reform decreased replacement rates of unemployment benefit for singles from 63 % to 60 % and for recipients with dependants from 68 to 67 % of the former net wage. The means-tested *Unemployment Assistance* contained cuts from 56 % to 53 % and from 58 % to 57 % respectively for the long-term unemployed workers. Including tax, family and housing benefit the German system of unemployment benefit can be characterised as medium generous until the mid 1990s (see tables 1 and 2). Until then although legally defined, workfare elements have only hardly been implemented.

Since 1998 the different legislative acts have tightened work requirements and benefit eligibility for the unemployed workers (especially for the long-term unemployed persons and married partners, namely women) and abolished occupational protection. Severe cuts for the long-term unemployed persons, however, have been exercised with *Hartz IV* in 2005. This legislation combined two means-tested benefits, i.e. unemployment assistance and social assistance for the employable persons to a new basic security benefit for the jobseekers, called ‘*Unemployment benefit II*’ (Arbeitslosengeld II). This new benefit is at the level of the lower benefit and goes along with increased work requirements for all persons capable to work. It is administered both by the municipalities and the *Federal Employment Agency*²¹.

Placement Services

The unemployment benefit systems and the job placement service were traditionally administered by the *Institute of Employment* (BA), now renamed as *Federal Employ-*

²⁰ During the 1980s only minor cuts in the unemployment compensation system have taken place. Examples are changes in the calculation of former income (exclusion of overtime payments, special gratifications and so on) which resulted in lower benefit payments. A lengthening of the required employment period from 6 to 12 months as the condition to gain access to unemployment benefit (1982) (Kühl 1993) and the abolition of the so-called initial unemployment assistance (means-tested) for people with very short employment records is notable as well. In contrast to these cutbacks the maximum duration of unemployment benefit for older workers (> 57 years) has been expanded to 32 months in 1984 – a regulation that was used mainly as a form of early retirement.

²¹ In the future the new benefit will be paid by the FES and municipal authorities. The latter will be responsible for accommodation and childcare and a range of psycho-social services. To improve the cooperation between the employment agencies and the municipal providers it is intended to form working groups in the job centres. In addition, the municipalities will have the option of taking over the work of the employment agencies from 1st January 2005 – and along with it all the work related to basic security for job-seekers (Federal Ministry of Economics and Labour 2004).

ment Agency (FES). Yet there existed a departmental divide of the different services, over all in the local offices. The placement service was already subject to organisational reforms in the mid 1990s. The initiative *Employment Office 2000* aimed at an improvement of efficiency in the employment service. New management techniques like controlling and management by objectives as well as new technologies and more customer oriented work organisation were introduced and the employment offices were given more autonomy. As the reform was not performed in full consequence the increase of efficiency was rather minor (Konle-Seidl 2003:23). The so-called “placement scandal” in 2002 may be regarded as a consequence of these structures.

Subsequently the organisation of the *Federal Institute of Employment* was changed. In March 2002 the corporatist board of directors was already abolished and the competence of the corporatist governing board was reduced from its governing function to a mere controlling function (Konle-Seidl 2003:25). With *Hartz II Personnel Service Agencies* (PSAs) were set up to strengthen the use of temporary employment as a job placement instrument. The success of these agencies cannot be evaluated so far as the process of tendering has delayed their installation (Federal Ministry of Economics and Labour 2004:33). *Hartz III* pushed the process of restructuring of the *Federal Employment Agency* to make it a modern service provider. The local FES offices are now turned into *Job centres* which – like the *British Job Centre Plus* - are to serve as ‘one-stop shops’ for all labour market services. It involves the implementation of ‘customer management systems’ which free specialist staff from mundane administrative activity so that they can work more effectively with unemployed people with ‘limited placement opportunities’. Case managers or personal advisers identify and tackle employment barriers, and job placement officers work with employers and match the unemployed with vacancies. The new system has been adjusted and modified in the light of operational experience and its impacts are still to be evaluated.

With the *Job Aqktiv Law* the obligation to sign an *Integration Agreement* (Eingliederungsvereinbarung) between the labour market administration and the individual client had already been established. *Hartz IV*, however, has strengthened the emphasis on the actual implementation of these instruments. Hence, an increasing collaboration between clients and administration can also be stated in Germany, although in a situation of mass unemployment, particularly in East Germany, this may have a distinct character from the economies of Denmark and the UK with more or less full employment.

Training Policy

Labour market training and further training has always been a key instrument of German active labour market policy. During the reunification process this instrument was used extensively and therefore participants increased. The decline of participants in further training has partly to be mirrored on that background. Nevertheless, there is an ob-

vious tendency that the increase of short labour market trainings (assessment, general facilities for applications) is backed by a severe decline of the occupational training instruments (see table 6).

Finally, in 2003 with *Hartz I+II*, a redirection of further training, already established in the previous legislation period was confirmed and elaborated. The introduction of training vouchers is supposed to create transparency on the training ‘market’ by an increase of competition between the suppliers of training measures. It aims at an improvement of choice and self-responsibility of the individual unemployed person. Now the individual holds responsible for the selection of training schemes, although additional profiling is supposed to help find adequate training possibilities. General guidelines suggest that only those schemes should be subsidised which promise high employment chances for the individual. It is suggested to split the different schemes into various modules and to shorten their duration. Furthermore, the providers of training schemes now have to be certified in order to warrant for high quality training. This is accompanied by regulation changes concerning the duration of benefit rights, the level of payment and eligibility of target groups in respect of the participation in training schemes. In general the reforms can be summarised as being less generous than before and employing stricter eligibility rules (see in detail Kühnlein/Klein 2003). Thus, starting from a well-institutionalised system of active labour market policy a cutback and restructuring of training measures takes place in Germany.

The Employability of Mothers

Also in Germany the new activation policies make reference to the employability of mothers. Since the introduction of the *Job-Aktiv-Law* in 2001 periods of childcare (during parental leave) are treated equal to contribution periods in the employment insurance, thus creating and preserving entitlements to unemployment benefit for mothers as well as access to active labour market programmes. Furthermore, the subsidy for childcare costs during participation in these programmes was raised.

A reform of the parental leave regulation created a new option to combine part-time work up to 30 hours a week and parental leave for both partners for three years. This measure was aimed to promote a greater continuity of female employment patterns and greater equality in sharing work and care between the partners²².

Both schemes have hardly been mirrored by an expansion of childcare supply. Recent expansions of childcare facilities like the introduction of a right to a place in a Kindergarten for each three-year-old child in 1996 is only on a part-time basis (Meyer 1996).

²² Thus it completes the older regulation which gives the right to three years of parental leave, paid with a means-tested flat-rate benefit.

With *Hartz IV* the general exception of labour market activation for mothers with children younger than three years or with older children, but without access to childcare places, is maintained. Workfare for mothers is hardly implemented. Nevertheless, the focus on labour market integration is intensified, as for example work incentives for low-earning mothers/families have been introduced. Similar to the *Child Tax Credit* in the UK, the *Unemployment Benefit II* contains a (degressive) child supplement.

Furthermore, expected savings out of the unemployment benefits' reform shall be invested to create new childcare facilities for the under-three-year-olds. But as the implementation is part of the responsibility of the municipalities, a major change of the actual situation is not to be expected. More promising, however, seems the discussion on the creation of more full-time schools as part of a general reform of the German educational system, which has been rated very low in the PISA-Study (Gottschall/Hagemann 2002). The Federal government is going to co-finance more full-time places, although the implementation of this plan belongs to the responsibilities of the *Länder*.

Thus the biggest impediment to mothers' employment in Germany, the lack of childcare facilities, respectively the short opening hours of the institutions and schools²³, has not been tackled effectively so far. The same is true for employment restrictions produced by the tax-splitting system which contains high marginal tax rates for a second earner. This forms a severe obstacle particularly to the (full-time) employment of married women (Dingeldey 2001a, Dingeldey 2001b).

Furthermore, marginal part-time work for mothers is promoted by *Hartz I+II*, which contrasts former more restrictive regulations put into place by the red-green government. A fixed tax rate of 25 % only is now levied for the so-called Mini-Jobs up to an income level of 400 €/month, which is much lower than full social security contributions plus income tax. Contributions of employees earning up to 800 € are reduced. As neither full social protection in the health system nor in the other social security schemes is given, these jobs are particularly addressed to persons who's access to the social security system is given by other reasons (derived rights) thus aiming primarily at married women/mothers and students (Koch/Bäcker 2004).

On the background of still low labour market activity rates (particularly of women) and a still severe crises of labour demand, the balance in the German labour market policy seems to be shifting towards a workfare approach. Most recent reforms have strongly increased workfare elements coupled with a decline of enabling elements, in

²³ Institutionalised childcare provision for the under-three-year-olds is very low (2000: 3.6 % in West Germany and 14.4 % in East Germany). Coverage rates for the Kindergarten are higher (2000: 77.2 % respectively 85.4 %) but most of them are on part-time basis. Schools are also part-time. After-school-care again has very low coverage (2000: 2.9 % and 15.8 %) (Spieß et al. 2002).

particular training measures. Focusing on the employability of mothers, a hesitant course concerning its promotion and over all a lack of policy co-ordination is predominating. Workfare in respect to this group is rather smooth, but work incentives for low-wage or marginal part-time employment have been increased.

6. CHANGING FORMS OF GOVERNANCE

Although the mixes of workfare and enabling elements seem to be rather different, all countries seem to apply similar forms of governance in order to implement the new policy goals.

- The introduction of *New Public Management* and therefore of techniques used in the private sector is a general development (Green-Pedersen 2002, Lenk 2000, Rhodes 2000, Schröter/Wollmann 2001). It describes part of the reforms in benefit agencies as well as in the placement services.
- In order to guarantee (equal) opportunity structures the new goals of labour market policy imply a general reduction of financial transfers and an increase of (public) services. This is reflected in the improvement of placement services in all three countries and an increase of training programmes in Denmark and the UK. On the background of most recent labour market reforms the thesis that in the modern welfare states the importance of service provisions and education as steering instruments of the state are growing in relation to law and financial transfers – existing financial transfers being reduced - (Kaufmann 1982, Kaufmann et al. 1986) may be confirmed.
- Creating employability does not only require an increase of services, but the co-ordination of different services and regulations. Understood as a preventive goal or as a goal addressing complex risk structures, a particular framework of policies has to be designed that lies beyond the boundaries of single resorts or beyond the policy field of labour market policy. This may explain the introduction of case management as well as efforts to co-ordinate labour market and family policies in order to increase child care facilities and guarantee mothers' employment opportunities.

Beyond these structural changes, evidence is found that new forms of governance change the concrete relationship between the welfare state and the individual:

- In all three countries the instrument of an *Individual Action Plan*, respectively an *Integration Agreement* stands for the introduction of contract management between the unemployed client and the labour market administration. This signifies a general change “from status to contract” in the relationship between the state and the citizen (Handler 2003, Streeck 1988, White 2000). Accordingly, a transformation of unconditional rights towards individualised benefits takes place. In

combination with other new forms of governance like the introduction of vouchers instead of assigned services this stands for an increase of self-responsibility of the individual citizen. At the same time the contract form implies the conditioning of benefits and an increase of the sanction potential of the state.

- As the growing importance of services and education includes an increasing necessity of co-operation or co-production between the individual and the welfare state in order to achieve policy goals (Olk 2000, Sell 1998), the welfare state seeks for compliance. Thus, also labour market instruments that primarily can be described as enabling must be linked to control and coercion in order to sanction non-co-operation or deviant behaviour²⁴. Therefore an increase of state control and coercion has taken place in all three countries and can be described as a universal development of most recent welfare state transformation.

7. CONCLUSION

The three country studies on activating labour market policies in Denmark, the UK and Germany confirm that the concepts of the workfare and the enabling state are no alternative but mutually constitutive concepts that as such describe a paradigm shift of welfare state policies. In all three welfare states activation requirements are linked not only to the obligation to take any job on the labour market or accept public employment as work test (pure commodification and workfare) but also to an improvement of training opportunities (with the exception of Germany) and placement services. So indeed a mix of workfare and enabling elements is implemented.

However, the level of decommodification defined by replacement rates and duration of unemployment benefit, as well as the compulsive aspects of work requirements - or to say the strength of (re-) commodification for benefit recipients - still vary strongly in the different countries. The same is true in respect to the supply of enabling elements and its quality, namely training programmes or infrastructural service supply like child care facilities. The concrete mix of workfare and enabling elements seems to be linked to the former policy path and the development of the respective institutional context. Nevertheless, for the UK and Germany some forms of path-departures have to be mentioned:

- Denmark as a universal social democratic welfare state follows a strong enabling path, supplying many forms of training and education to both the employed and the unemployed workforce. As female labour market participation has already been promoted since the 1960s, the universal labour market activation and the

²⁴ In consequence the borders between counselling or training programmes and coercive education programmes or therapy may be blurred.

co-ordination of labour market and family policy has already been very well institutionalised.

- The UK, as a liberal welfare state with hardly any tradition of state-regulated occupational training and a low degree of institutionalisation with respect to vocational training, relies strongly on workfare elements. These are related to an increase of financial work incentives, in order to make low wage employment attractive and to combat poverty. Furthermore, strong effort was made to conceive coordination between labour market and family policy. Although the implementation of the respective strategies may still be deficient in many respects, this can be regarded to be at least a partial path break with respect to the former policy of non-state-intervention into family matters as well as to a strong male breadwinner model.
- For Germany as a conservative welfare state, the challenges of the new welfare policies may be most challenging. It resembles high unemployment and low activity rates, particularly of mothers. Accordingly, the elimination of obstacles concerning mothers' employment is not a goal of high priority. Most surprising is the decrease of training instruments within the very well established active labour market policy, which may be even regarded to be a severe path break. So, the course of labour market policy seems to be hesitant, but in general is dominated more by an expansion of workfare than enabling elements.

In contrast to these differences of development in the respective countries, the introduction of new forms of governance displays a general aspect of welfare state transformation. First of all, the introduction of New Public Management seems to be universal. Second, a decline of economic transfers and the increasing importance of service provision guaranteed by the welfare state take place everywhere. Even so the change of the relationship between the welfare state and the individual, may be most affected by the transformation from status to contract. Welfare state benefits that were formerly granted as a right now become conditional on individual behaviour. In order to guarantee clients' compliance, coercion and state control are increasing. Thus, the transformation of the welfare state displays an increasing state influence on individual behaviour, particularly in respect to labour market participation.

As labour market participation becomes a universal social norm exceptions to that norm are clearly regulated. Non compliance concerning the return to the labour market is sanctioned by the withdrawal of benefits. This means to all welfare state clients capable to work that over all questions of the reconciliation of work and family (or work and care) are not any more a matter of private decisions. Although there are still big country specific differences concerning the application of that norm, the growing influence of

the welfare state on the individual's living conduct may be generalised as a central element of most recent welfare state transformation.

Table 1: Workfare Elements: Regulation of Unemployment Benefit, Activation Period and Occupational Protection

	Denmark		UK		Germany	
Unemployment benefit	Before 1994	Since 1999/2003*	Before 1996	Since 1996/ 1997*	Before 1993	since 1993/1996* and 2003 and 2004
- benefit level as % of former wage	90 % of former wage, low ceiling (quasi flat rate)	Unchanged changed only for young unemployed		Less than 50%	UB: 63 % for singles/ 68 % for recipients with dependants UA: 56 % respectively 58%	UB 60 % for singles; 67 %* for families' UB II (2004): flat rate with family allowance
- access	1 year membership, 6 months of employment within 3 years	1 year membership, 1 within the last three years		A certain minimum amount paid during the last two years	1 within the last three years	UB: unchanged UB II: neediness, capable to work
- duration	8 years	4 years	UB: 1 year IS: unlimited, means tested	Contributory: 6 months		UB: max. of 1 year UBII (2004): unlimited
Start of activation period after...	Mandatory 2 ½ years	mandatory 1 year 1/2 year for unemployed (<30)	Mandatory -job courses for very long unemployed -Interview after 6 months on benefit	Mandatory: ND - activation after 6 months for <25* and <50 - 1 year LTU (>25)* - interview for LP	Possibility of public employment after 1 year,	Possibility of public employment after ½ year
Occ. Protection		None*	Three months	Three months		None (2003)

ND= New Deal; UB = Unemployment Benefit; UB II= Unemployment Benefit II;

* always relate to the years of reform in the respective columns

Sources: DK:(Andersen 2002; OECD 2003); GB:(OECD 2002/1; Trickey/Walker 2000; Walker 2001); Germany: (Schömann/Flechtner/Mytzek/Schömann 2000); Erstes und zweites Gesetz für moderne Dienstleistungen am Arbeitsmarkt 2003

Table 2: Net Replacement Rates in Unemployment

	Denmark		UK		Germany	
	1997	1999	1997	1999	1997	1999
Net replacement rate*						
- for single	62 (89)	63 (89)	50 (73)	46 (66)	62 (89)	60 (67)
- for couple with two children	77 (95)	73(95)	64 (83)	49 (54)	77 (95)	70 (75)
Sanction Rate**	4.3		10.3		(W) 1.1	

* Replacement Rate (first month) for APW-Level Income (2/3 of APW) , unemployment benefit plus tax, family and housing benefits;

** total sanctions during benefit period as proportion of the average stock of claims 1997-98

Source: OECD Database „Benefits and Wages; (van Reenen 2001:30)

Table 3: Spending on different Labour Market Schemes and Activation Ratio of Labour Market Policy in Denmark, the UK and Germany as Percentage of GDP and Participant Inflows as a Percentage of the Labour Force

	Denmark				UK				Germany			
	Spending as % of GDP		Participant inflow as % of LF		Spending as % of GDP		Participant inflow as % of LF		Spending as % of GDP		Participant inflow as % of LF	
	1997	2000	1997	2000	1997-98	1999-00	1997-98	1999-00	1997	2001	1997	2001
Public employment services and administration	0.12	0.12			0.16	0.13			0.23	0.23		
Labour market training	0.93	0.85	18.47	15.90	0.07	0.05	0.48	0.51	0.34	0.34	1.51	1.22
- unemployed	0.64	0.67	8.82	5.76	0.06	0.04	0.43	0.45	0.34	0.34		
- employed	0.28	0.18	9.65	10.15	0.01	0.01	-	0.06				
Support of apprenticeship and youth training					0.11	0.11	0.96	1.02	0.01	0.01	0.28	0.36*
Active LMP ¹⁾	1.66	1.56	23.37	21.13	0.38	0.36	1.66	1.74	1.27	1.20	4.70	4.04*
Passive LMP ²⁾	3.83	3.00	25.48	20.59	0.78	0.56	10.42	10.22	2.28	1.92	-	-
Total³⁾	5.49	4.56	48.86	41.72	1.15	0.92	12.08	11.96	3.56	3.13	-	-

* = in the year 2000

including also Youth measures, subsidised employment and measures for the disabled

including early retirement and unemployment compensation

including also Youth measures, subsidised employment, measures for the disabled and early retirement

Source: OECD 2001

Table 4: Participants* in Job Rotation, Training and Counselling Schemes in Denmark

	1995	1996	1997	1998	1999	2000	2001	2002	2003
Sabbatical (employed)	3703	790	505	450	0	0	0	0	0
Parental Leave (unemployed)	17550	13054	7937	7 456	6 701	6 082	6 720	4 306	1 462
Parental Leave (employed)	16304	14135	10904	11 380	12 637	12 351	11 874	6 087	1 745
Training Leave (unemployed)	29706	17142	15244	15 062	984	14	0	0	0
Training Leave (employed)	9731	10643	10294	9 675	9 733	7 759	1 207	26	2
Support of general secondary education ¹⁾	1142	1122	886	910	839	635	260	180	109
Support of general secondary education ²⁾	10010	20546	15821	22 750	37 521	28 653	33 416	24 566	16 221
Special training on demand of employer unemployed benefit ³⁾	1206	836	420	599	1 020	78	67	0	621
Special training on demand of employer (cash benefit)	5200	5107	5956	6 040	5 253	5 055	4 229	4 283	3 967
Adult and further education ⁴⁾	0	46	107	164	164	154	102	102	42
Intense job search ⁵⁾	0	0	0	0	0	0	0	3 342	19
Special placement ⁶⁾	0	0	0	0	0	0	0	392	0
Language courses	0	0	0	0	0	1 605	3 497	3 894	3 018
Special language courses	0	0	0	0	0	115	219	208	187
Special counselling for migrants	3144	3186	4103	4 539	5 916	7 201	8 118	9 255	11 912
Short counselling ⁷⁾	0	0	0	255	1 187	1 010	1 160	2 549	3 622
Adult apprenticeship ⁸⁾	0	0	0	0	0	0	7 049	6 277	5 891

1) Uddannelse med voksenuddannelsesstøtte.; 2) Ordinært uddannelse med uddannelsesgodtgørelse (only for unemployment benefit recipients); 3) særlige uddannelsesforløb; 4) voksen- og efteruddannelse; 5) intensiv jobsøgning; 6) særlig formidling ; 7) Kortvarig vejledning/ Introduktion ; 8) Voksenlærling (VEUD)

* Actual Participants (full-time equivalent) in the 2nd quarter of the year

Source: Statistikbanken Danmark (2005)

Table 5: Activation and Training through the New Deals in the UK since 1998

	NDYP	NDLTU/ ND25+ (since 2001)	NDLP
<i>Total Participants (starts) since beginning</i>	1,254,100	769,840	769,360
<i>Participants (stock)¹⁾ in</i>			
<i>1998</i>	133,080	47,070	13,050
<i>1999</i>	127,390	80,220	51,620
<i>2000</i>	103,220	63,070	60,680
<i>2001</i>	89,660	64,710	59,290
<i>2002</i>	87,410	67,610	77,450
<i>2003</i>	85,540	57,680	85,580
<i>2004</i>	67,820	51,970	70,570
<i>Options chosen</i>	<i>1998- 2001</i>		<i>1998-2004</i>
<i>Training</i>	97,300 (41 %)	7,900 (ETO) 25,000 ³⁾	47,240 ²⁾
<i>Full-Time Employment</i>	45,700 (19 %)		
<i>Voluntary Sector</i>	48,800 (21 %)	--	---
<i>Environment Task Force</i>	46,100 (19 %)	--	---
<i>Options chosen (stock) in 2004 (Sept)</i>			
<i>Training</i>	6,680 (47%)	640 (7%) (ETO) 1,920 (20%) (IAP Training) 2,550 (27%) (BET/BS)	
<i>Full-Time Employment</i>	2,410 (17%)	2,670 (28%)(Work experience/p 1,660 (18%) (self employment)	
<i>Voluntary Sector</i>	2,950 (21%)	---	
<i>Environment Task Force</i>	2,070 (15%)	---	

NDYP= New Deal for Young People; NDLP= New Deal for Lone Parents

NDLU= New Deal for the Long Term Unemployed; ND+25 = New Deal for the Unemployed >25 years

ETO = Education and Training Opportunity; BET/BS= Basic Employment/Basic Skills Training

IAP= either shorter job focused training or longer Occupational Training

¹⁾ Participants in December of the respective years; numbers do not add to total participants starting as these are referring to all 'starts' concerning the respective programme

²⁾ Cumulative figures include all lone parents who have taken up (starts) education/training opportunities including those who subsequently find employment. Opportunities include Work-Based Learning for Adults (WBLA) and NDLP supported training,

³⁾ Work based learning for Adults(WBLA)/TFW

Sources: Department for Education and Skills (2005a, 2005b); National Statistics (2001); Centre for Economic and Social Inclusion (2005)

Table 6: Participants* in Labour Market Training in Germany

Instruments	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Labour Market Training (Trainingsmaßnahmen)	0	0	0	0	16 444	33 818	39 343	47 492	51 266	61 950	77 887
Further vocational training (Berufliche Weiterbildung)	722 749	56 3215	552 550	537 681	424 773	344 713	35 8128	351 960	344 816	331 586	250 976
Vocational training (Förd. d. Berufsausbildung)	-	-	98 723	108 634	114 131	107 723	117 064	123 596	128 301	131 480	130 946
Preparation for vocational training (Förd. Berufsvorbereitung)	-	-	-	-	-	77 783	83 268	89 234	93 285	106 859	108 018

*Number of participants as yearly average; Further vocational training without job introduction allowance

Source: Bundesanstalt für Arbeit (different years a, different years b, 2001)

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