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**Robert Henry Cox**

## **From Safety Net to Trampoline**

**Labor Market Activation in the Netherlands and Denmark**

**Wirtschaft und Politik**

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**FROM SAFETY NET TO TRAMPOLINE:  
LABOR MARKET ACTIVATION  
IN THE NETHERLANDS AND DENMARK**

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## **Vorwort von Josef Schmid**

Mit dem Beitrag von Robert H. Cox über die jüngsten Veränderungen der Sozial- und Arbeitsmarktpolitik in den Niederlanden und Dänemark wird in dieser Reihe eine weitere Analyse aus der Wohlfahrtsstaatsforschung vorgelegt. Robert Cox war – nachdem schon längere Zeit Kontakte bestanden haben - im September dieses Jahres als Gast bei uns am Arbeitsbereich. Er ist ein jüngerer Vertreter der amerikanischen European-Studies-Forscher und Spezialist für die Niederlande (vgl. Cox 1993). Seine laufenden Forschungen beschäftigen sich ebenfalls mit diesem Land und vergleichen es mit Dänemark sowie der Bundesrepublik. Letzteres mag aus deutscher Warte etwas überraschen, da es hierzulande erheblich an Reformeifer mangelt und auch die neue Bundesregierung hat noch keine Signale gesetzt, die den Projekten der beiden Nachbarländer gleich kommen. Zugleich ist es für die amerikanische Sicht der Dinge bzw. für die dortige vergleichende Politikwissenschaft typisch, alle drei Fälle als kleine europäische Wohlfahrtsstaaten zu klassifizieren (- was aus deutscher Perspektive möglicherweise doch einige Verwunderung auslösen kann).

**Die in dem Beitrag nachgezeichneten Politikmuster in Dänemark und den Niederlande sind auch deswegen für den deutschen Kontext äußerst interessant als beide als nachahmenswerte Modelle gehandelt werden. Der Trend vom passiven hin zum aktiven Wohlfahrtsstaat - verdichtet in der Metapher des Trampolins – ist in diesen beiden Ländern am weitesten fortgeschritten; allenfalls in Großbritannien zeigen ähnliche Veränderungen in der Sozial- und Arbeitsmarktpolitik. Ob dies als Weg in den „Wettbewerbsstaat“ (Heinze/Schmid/Strünck 1998) zu verstehen ist, und – falls ja – was denn darunter zu verstehen ist, wird in dem Beitrag ebenfalls thematisiert. Wettbewerb findet hier freilich vor allem zwischen Ideen und Konzepten statt und schließt auch deren transnationale Verbreitung mit ein. An anderer Stelle hat Robert Cox dies „Policy Borrowing“ genannt. In diesem Beitrag konzentriert er sich allerdings auf die Implikationen dieser neuen Politiken für das normative Fundament des Wohlfahrtsstaats: Das universalistische, auf Bürgerrechte gegründete Modell (bzw. der sozialdemokratische Typus) beginnt s.E. zu erodieren.**

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### **SAFETY NET TO TRAMPOLINE:**

### **LABOR MARKET ACTIVATION IN THE NETHERLANDS AND DENMARK.**

### **Abstract**

In recent years Denmark and the Netherlands have made dramatic shifts from passive to active labor market policies. Though often portrayed as a necessary response to high levels of structural unemployment, such changes are more than a mere technical adjustment of welfare programs to a changing economic climate. They represent new ideas about the goals of public policy and the social rights of citizenship. This paper surveys the politics of labor market policies in the two countries to demonstrate that the recent activation programs reflect a departure from the ideas and goals of the postwar welfare state.

Denmark and the Netherlands are two countries with extensive and generous welfare states. They have also been remarkably passive in their approach to welfare assistance, though this aspect was less well known (Kersbergen and Becker 1988). Generosity was expressed in relatively high levels of income support for those disaffected by the market. Passivity meant that cash assistance was the full extent of the welfare state's obligation, and the state did little to promote participation or reentry into the labor market.

The passive aspect of these two welfare states went unrecognized because it had never posed a problem, at least not until recently. In the last ten years, however, structural unemployment, sometimes combined with an expansion of programs of cash assistance, propelled an explosion of the costs of the welfare state. Concern about the rising costs has encouraged a shift in perceptions about the effectiveness of the welfare state. Now there is a growing perception in both countries that the welfare state fails to go far enough if it only places a safety net under those who fall outside of the labor market. The new thinking places greater emphasis on labor participation as an intrinsic good for society as well as the individual, and new policies have been put in place designed to "activate" a large proportion of those dependent on welfare assistance. To borrow a metaphor coined by the Social Services office in Rotterdam, the safety net is being replaced with a trampoline (Gemeentelijke Sociale Dienst Rotterdam 1992: 146).

This change in focus marks a dramatic reform of the welfare state project. As such it offers a fundamental challenge to those who believe that the welfare state has weathered the

economic crisis with its basic principles intact. The shift from passive to active labor market policy indicates a dramatic rethinking of the purpose of the welfare state. Beginning with the assumption that policy changes reflect changing ideas, this paper argues that Denmark and the Netherlands are at the threshold of a paradigm-shift in thinking about the welfare state.

The project proceeds as follows. First, the theoretical aspects of the paradigm-shift in welfare policy are discussed. Second, the old paradigm of passive social welfare in the Netherlands and Denmark are described, and it is argued that they existed in welfare states that can be best characterized as social liberal in their ideological principles. Third, the new active initiatives are described, paying attention to the developmental sequence towards bolder initiatives that challenge the old welfare paradigm most fundamentally.

### **Policy Paradigms and New Initiatives**

There is a debate among scholars as to where welfare programs fit in modern, industrialized societies. The dominant argument is what Ramesh Mishra calls the “irreversibility thesis” (Mishra 1990). According to this thesis, welfare programs have become permanent features because their steady growth produces more and more constituents who benefit from the programs and strive keep them in place. The most commonly accepted explanation for the irreversibility thesis identifies the growth of programs with the increasing acceptance of a liberal notion of rights. Most clearly articulated by T.H. Marshall (1964), welfare states are based on social rights, and this category of rights has been embraced by western societies with the same vigor as civil and political rights. As rights become more entrenched, using the language of rights to legitimate welfare benefits makes those benefits more easily defensible.

In recent years, however, there is a growing dissatisfaction with the proliferation of rights. In addition, it has become more expensive to satisfy rights claims. These two developments, the discourse critical of rights and the growing cost of welfare programs, have sent most welfare states into two parallel crises, a legitimation crisis and a fiscal crisis (Ploug 1994). These crises challenge the intellectual paradigm on which welfare states are built. The way governments have responded to the crises also challenges the irreversibility thesis. This is not to say that welfare states are being eradicated, but the types of reforms that are being enacted to address the crises

represent a qualitative shift in the idea of the welfare state. In essence, the efforts to preserve welfare states by reforming them amount to a paradigm-shift in thinking about what welfare programs should do for citizens, and how they should be organized.

Peter Hall (1993) has developed the best framework for understand the process of paradigm-shift in public policy. Hall argues that fundamental policy change proceeds through three developmental phases. During the first phase, actors have difficulty identifying the problem and strive to continue with their accustomed practices. Incremental adjustments are the expected result. During the second phase, bigger problems offer serious challenge to the policy paradigm. In attempting to address the new problems, policy makers develop awkward solutions that stretch the logical limits of the existing paradigm. Solutions do not challenge the fundamental beliefs, but because the existing structure is being stretched to encompass problems it was not designed to address, tension begins to build. Finally, when the level of tension crosses a certain threshold, the paradigm proves not only incapable of handling new problems, but of defending itself. The result is an exhaustion of the old way of thinking that clears the deck for new ideas and better solutions to the current problems.

The language of paradigm shift has been used by the proponents of a new, 'active' approach to unemployment and income assistance. The Organization for Economic Cooperation and Development (OECD 1994), for example, argues that the liberal paradigm of social welfare causes a dysfunctional distinction in society between those who work and those who do not. Instead, the OECD advocates a new, more inclusive way of thinking that adopts work as the norm for all members of society. Programs designed to place more citizens in paid work, rather than cash assistance for those who do not work, are one step towards this goal.

Making this policy shift, however, requires a sea-change in thinking about social policy. William Waters (1997) argues that what the OECD has in mind is a new politics of the self, one which moves away from the liberal idea of the autonomous self towards one in which individual identity is constituted of specific behavior. Such a change would require a different conception of the proper role of the liberal state. Presently, liberal states are neutral as to whether individuals work or not. If the state becomes partisan on the question of what activities citizens should engage in, it assumes a non-liberal role.

This article asks whether such a paradigm shift indeed is indicated by recent efforts to promote labor market ‘activation’ in Denmark and the Netherlands. These two countries are important test cases of the argument because they have been at the forefront of policy innovation in this area. If the paradigm shift is to be observed anywhere, it should be apparent in these two countries.

### **The Old Paradigm of Passivity**

As in most countries of western Europe, The great expansion of the Danish and Dutch welfare states took place in the postwar period. Following economic reconstruction, governments in both countries set out to implement sweeping reforms of social welfare that placed them among the most generous in Europe. Though often classified within the “Scandinavian model,” these two cases actually fit uncomfortably within most of the existing typologies of welfare states. Denmark is always closely associated with the Scandinavian model, or what Richard Titmuss called the “institutional” welfare states (Andersen 1993). Here the idea of solidaristic social welfare is institutionalized in the form of universal social security programs and redistributive financing.

Indeed, Denmark once stood as a perfect example of this. The basic program of social security, the *Folkepension*, provided a universal income guarantee and was financed out of general revenues rather than contributory taxes. Unemployment assistance was likewise basic and solidaristic. Benefits were flat-rate, not tied to previous income, and entitlement was independent of the length of participation in the work force.<sup>1</sup>

The Netherlands has been a more tricky case to classify.<sup>2</sup> Sometimes it is lumped together with the Scandinavian model because of its generous levels of support, especially if one looks at programs of income assistance and health care. On the other hand, its social security system was built upon achievement principles, not solidaristic ones. This means that in addition

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<sup>1</sup>To be perfectly accurate, a benefit distinction was drawn between full-time and part-time workers, and there was a qualifying period for receiving benefits. These, however, are minor differences.

<sup>2</sup>Gosta Esping-Andersen (1990) cannot decide where the Dutch case fits in his model.



to the generous programs of basic assistance, contributory social insurance provided an added layer of income-related benefits for those in the work force. Because the premiums were contributory, social solidarity was weakened, and because the benefits were income-related, the programs reinforced status distinctions in society. Scholars who focus on Dutch social security tend to classify it with the conservative, continental model of the welfare state, not the Scandinavian one (Kloosterman 1994; Cox 1993).

The passive aspect of both welfare states renders their classification still more complicated. According to the Scandinavian model, the welfare state is an active entity, promoting reentry into the work force through retraining, and active involvement of women through the provision of publicly funded child care. Behind these principles of state activism is the idea that contributing to society is an obligation and duty of the individual. But, because individuals often find it difficult to fulfill this obligation without assistance, Scandinavian welfare states help them through such programs as educational retraining and child care. The Swedish welfare state is a good example of this philosophy in practice (Therborn 1986; Tilton 1990).

Passivity, by contrast, is a principle of a liberal welfare state. Within liberal political thought, conceptions of the good life are unique to each individual. The state, as incapable of articulating a sense of the common good, is expected to remain morally neutral with respect to how individuals define the good for themselves (Brubaker 1988; Patten 1996). Out of compassion the state can give individuals aid in their material well-being, but it cannot tell them how to use that assistance. It is upon this liberal foundation that much of the Danish and Dutch welfare states were built. Generous levels of welfare assistance set them apart from the more miserly liberal welfare states in Britain and the United States, but the difference is one of degree, not fundamental philosophy.

Indeed, the liberal aspects of the Dutch and Danish welfare states have strong roots in history. Early welfare programs in Denmark were built by coalitions of liberal and conservative forces. The liberal influence served to make programs universal, based on citizenship. Conservatives succeeded in making the programs draw moral distinctions between the worthy and unworthy poor, for example, by denying voting rights to those deemed unworthy (Baldwin 1990; Levine 1988). After World War II, during the great expansion of the Danish welfare state,

the conservative aspects of the programs were dropped and the political left played a strong role in making benefits more generous. The liberal philosophy, however, was strengthened, not altered (Møller 1981 and 1986).

A different historical development was evident in the Netherlands. There, a coalition between confessional and liberal forces (dominated by the former) was instrumental in creating a welfare state that had a decidedly Christian democratic flavor. Poor relief was left in the hands of religious charities who received public subsidies for their activities, and workers' insurance drew a social distinction between those who did and did not participate in the work force. After the war, the proselytizing character of charity relief came under attack and a new system of public assistance stressed the moral autonomy of the individual (Bussemaker 1993). More generous programs of workers' insurance allowed workers to exit the labor market with ease. The result was a welfare state that provided cash assistance to those who were not in the work force, but which left them free to decide how to live their lives. In both countries, therefore, the postwar reforms abolished the conservative and confessional aspects of social policy and created welfare states that were generous and morally neutral (Becker and Kersbergen 1986). In short, they became social-liberal welfare states.

### **The Move Toward Activation In Denmark**

In Denmark, passivity had its most pronounced effect on the unemployment benefits program. Unemployment began to rise in 1975 and hovered between 8 and 11 percent throughout the 1980s (Furåker, Johansson and Lind 1990: 148; Nannestad 1991; Marklund 1988). Though the pressures driving up unemployment were strong in many countries, Denmark looked unusual because it lacked the types of programs that helped to hide unemployment elsewhere, such as retraining programs in Sweden, or early-retirement schemes in Germany. As Table One shows, the rising volume of beneficiaries outstripped the reserves of the unemployment insurance system, and during the 1990s the system has been maintained with a state subsidy of more than two-thirds of total expenses.

Responses to the growing pool of unemployed have taken two forms. One consisted of measures designed to clear the labor market. These measures were built upon second phase

thinking by policy makers who still believed that the economic crisis was temporary, not structural, and that comprehensive reforms were unnecessary. The second type of reform consisted of new and creative ways to integrate the inactive population into society. This second group of reforms offers a more fundamental challenge to the liberal principles of welfare assistance and indicates a paradigmatic shift in thinking about social policy in Denmark.

The first group of reforms consisted of measures intended to provide income support for those who left the work force. Indeed, some of the measures were designed to move people out of work, in an effort to clear the labor market and provide jobs for younger workers. Such labor market clearing measures included early retirement schemes and programs for paid leave from work. The responses to the early retirement schemes surpassed expectations. Indeed, the take-up rate was so startling that the programs were made more restrictive by the end of the 1980s, and in the 1990s many opportunities for early retirement have been closed.

Another of the market-clearing programs was the expansion of elaborate leave schemes for sabbatical, child-rearing and retraining. These programs were designed to compensate individuals who engage in activities not rewarded by the labor market. By taking advantage of the schemes, individuals were freed to engage in parenting, re-schooling, or just recharging their minds, without substantial loss in income. Additionally, the expanded leave programs were justified on the grounds that they also help clear the labor market. The initial expectation was that employers would need to replace workers who take leave, and this would open more jobs for younger workers.

Depending on how they are viewed, the leave schemes have either succeeded or failed. As an expansion of the generosity of the Danish welfare state, the programs must be judged a success. They have been widely popular, and take-up rates, especially for parental and retraining leave have been quite high. But, the programs have failed in terms of their impact on the labor market. Replacement rates have been low, and in some sectors of the labor force the leave schemes have cleared the job market of specially-trained talent. For example, nursing is one sector where take-up in the parental leave program is extremely high. Their specialized training does not allow nurses to be replaced as easily as factory workers. The result has been a shortage of nurses (Kremer 1995). Even in low-skilled jobs, where special talent poses no barrier to

replacing workers on leave, the replacement rates have been low.<sup>3</sup> Part of the reason for this is the structure of the scheme itself. Because the leave schemes award a worker the right to keep his position in the company, and because laws of job tenure make it difficult to dismiss new workers, employers are reluctant to take on replacement workers and pay the salary of two people to do the job of one. By not hiring replacement workers, moreover, some employers find the leave schemes a beneficial way of cutting back on their payroll costs, since the benefits while on leave are lower than normal salary. It is widely believed that employers take advantage of this aspect of the leave schemes, though there is no evidence to support the belief.<sup>4</sup>

Because the guiding principle is to provide income support for those unable to work, policy makers have implemented programs that exacerbate the costs of the welfare state and produce severe unintended consequences. They encourage greater inactivity, and many of those who enter the programs will never return to the work force. This was especially true of the early retirement schemes. This led to much criticism, and in 1995 the government reversed the expansion of the programs. Many options for early retirement were closed, the sabbatical leave was canceled, benefits for parental leave were cut and there is a more stringent requirement to replace workers who take leave.

In terms of Peter Hall's model of policy reform, the measures to clear labor markets represented "second phase" reforms. They constituted a recognition that the problems demanded vigorous state intervention, yet the character of that intervention drew on the dominant principles of the prevailing paradigm. These reforms reflected a belief that the economic crisis was temporary, and the perceived problem was that young workers needed chances to enter the labor market and those leaving the labor market needed income support. The costs of deactivating older workers were either not foreseen or not deemed problematic. The basic liberal principle of the welfare state, that individuals should decide how to live their own lives, went unquestioned. Indeed, for the expansion of the leave schemes, the new programs allowed individuals greater freedom of choice without economic consequence.

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<sup>3</sup>Reported to the author by officials in the Ministry of Labor.

<sup>4</sup>This suspicion was reported to the author by officials from the Danish Federation of Employers (Dansk Arbejdsgiverforening) and The Association of Danish Industry (Dansk Industri).

The second type of response represented a belief that the passive approach is not satisfactory and that active solutions were needed. One example of this was the Social Innovation Program (SUM), set up in 1988 to run for a trial period of three years. The guiding philosophy behind SUM was that more needed to be done to battle social exclusion, the adverse consequence of a passive system of cash assistance. Social exclusion occurs when those who become dependent on welfare assistance lose contact with friends and former co-workers. Problems such as alcoholism, depression and loneliness have a high incidence among the socially excluded, inactive population. The SUM program provided 350 million Danish Kroner worth of grants for communities to fund projects that would pursue a lot of diverse goals. According to the initial legislation, the goals of SUM were to stimulate local communities and reduce the gap between generations, enhance the opportunities for people to become active and participate in local decision making, and help address social problems by superseding sectoral, administrative and professional boundaries (Ministry of Social Affairs 1988; Jensen and Bengtsson 1995). The program's success has varied among municipalities, but there is no doubt that the SUM project has generated a more active way of thinking about social outreach in Denmark (Hulgård 1995).

Another thrust of the Danish activation policy concerns a new articulation of the rights and responsibilities of those who receive unemployment benefits. This new conception of rights is articulated in two important laws; the law establishing an Active Labor Market Policy, and the Act on Municipal Activation. The Act on an Active Labor Market Policy introduced major reforms in the system of unemployment assistance. Elements of the existing program were maintained, namely that the unemployed had a right to find work and a right to assistance when they were out of work. But, it imposed a reciprocal set of duties, namely, that the inactive citizen has a duty to be available for work, and a duty to accept offers of employment. Local officials were charged with the duty of providing the unemployed job-seeker with a plan for finding a job, and eventually an employed situation. This marked an important change in the role of public officials. Rather than simply write checks to those on assistance, those in charge of unemployment assistance now are expected to take an active role counseling and cajoling individuals into paid work (Torfing 1997).

The other law, the Act on Municipal Activation, marked a similar change in the way public assistance benefits are administered. This law moved responsibility for public assistance to the local level and granted local officials the right to 'activate' beneficiaries, and the duty to find opportunities for activation (Bogason 1990). The new program of activation has had a profound effect on the character of social rights in Denmark. Because local governments are free to create their own definition of activation, they carry out their responsibilities in different ways. Consequently, the content of rights can vary in quality from one local government to the next.

The regional variation in social rights can be explained as a function of many factors. First, each locality has a different set of problems and different demographics. Demographic differences affect the way they develop priorities in allocating their welfare resources. Localities with small unemployment problems and bigger elderly populations may decide to devote more attention to construction and maintenance of elderly care centers, or in-home services than in actively finding work for the unemployed. Second, there is a variation in the role perception of local officials. Some local officials see the problem of employment as a function of lack of diligence on the part of job-seekers. Others see it as a function of an uncontrollable labor market. Finally, variations in the political composition of local government can place emphasis on different aspects of the problem. A right-wing, or conservative local government might direct officials to take a harder line than might a left-wing government. If these factors vary among municipalities, the possibilities for local variation in the real relationship between rights and duties can be enormous.

Thus, there were three phases in Danish developments that roughly correspond with Peter Hall's model. Not mentioned in this article, but fully documented elsewhere (Nannestad 1991), was a period lasting from the onset of problems until the early 1980s when policy makers believed the problems to be temporary and chose not to act to address them. This was followed by a second phase in which the severity of the problems was recognized, but the measures devised by policy makers were built upon the prevailing assumptions about the passive responsibility of the state. Now Denmark is entering a third phase where reforms challenge the old paradigm. The activation laws breakdown the distinction between unemployment and public

assistance, and expect all citizens to work. State officials, likewise, are expected to be more interventionistic in their relations with clients.

### **The Move Toward Activation In The Netherlands**

When the economic crisis hit the Netherlands in the 1970s the response was much like the Danish one, but the outcome differed in one important respect. Like in Denmark the Dutch government spent the 1970s assuming that the economic downturn was temporary and that the rising costs of social support would eventually diminish. Unlike Denmark the Netherlands discovered that it had inadvertently built into its generous welfare state a massive system for hiding the real effects of unemployment. A program for worker's disability, enacted in 1967, experienced an explosion in growth as less productive, mostly older workers were moved onto disability assistance to cut payroll costs

In the 1980s, the inactivity issue proved to be more long term, and the thinking of policy makers entered a second phase. A center-right government embarked on an austerity program designed to make the welfare state operate more efficiently. Major targets of the new campaign were the unemployment and disability programs. The objective was to reduce spending by making programs more selective (Toirkens 1988).

Unemployment assistance was one of the targets of the austerity campaign. A cap was placed on the length of time unemployment benefits could be received, and the level of benefits was lowered. Workers who could not find new work within two years could only be supported by the public assistance program, which offered substantially lower benefits. This provided an incentive for workers to take seriously their duty to enroll with the employment agencies. More people registered with the agencies, and having better workers on offer improved the attitude of agency staff. But, the attitude of employers proved slower to change, and they still viewed these workers as the least desirable. New jobs were taken up by new entrants into the labor market, particularly women, because employers were more willing to gamble on those who had never had jobs than on those who had lost jobs.

The spending cuts did not alter the passive character of social programs, however. For example, unemployment services were the epitome of passivity in the Dutch welfare state. The

services were “demand-driven,” meaning that employers with job openings had to come to the offices to find workers. Unemployed workers were required to register with the offices, but this was largely ignored due to a bad reputation the whole system had for placing people. Employers did not approach the agencies to find workers because it was commonly believed that only the least desirable workers were on offer. Workers registered only as a last resort to avoid being labeled “unemployable.” Even staff members of unemployment offices adopted fatalistic views concerning their client’s employment possibilities. Entropy rendered the system ineffective.

Reforming the disability system proved more complicated. Responding to a widespread belief that the problem of disability was a product of inappropriate use of the system, the government instituted changes in the 1980s designed to cut back on the number of people who qualified for benefits. First, the level of the benefit was reduced from 80% to 70% of the last-earned wage. Second, disabled workers were to be reexamined to detect any improvement in their conditions that would allow them to return to work. Third, new qualifying criteria were instituted. Under the old system, a worker was declared disabled if he could not return to the same job. The new criteria stated that the person must be unable to perform comparable work in order to qualify for a benefit (Cox 1992).

The changes in the disability program failed to bring down either the costs of the system or the volume of recipients. The explanation for this is often attributed to a lack of administrative accountability within the system. Like the entire system of social insurance in the Netherlands, the disability program is administered by the social partners (labor and employers). When the government issued the new qualifying criteria, it had no way of ensuring that the social partners actually followed the new guidelines. Doctors, too, were reluctant to assume the task of policing the system. As a result, though benefit levels were cut, the number of disabled workers is still staggering (Parlementaire Enquête Uitvoeringsorganen Sociale Verzekeringen 1993).

The failure of the stop-gap effort to cut the volume of disability recipients prompted the government to devise a new plan to make the program operate more efficiently. The “carrot and stick approach,” as it was called, introduced a number of sanctions and incentives. The sanctions were fines imposed on employers who made excessive use of the disability program (primarily the construction industry), and the incentives were subsidies for employers who hired disabled



workers. This initiative met a tortured fate in the courts, as Dutch employers argued that the sanctions policy was unfair because it punished firms for disabilities they could not control, such as injuries acquired during evening sporting activities or ski-holidays. Courts agreed and suspended the sanction policy (Veen and Trommel 1997).

Efforts to improve the efficiency of welfare programs failed to make a dent in the size of the dependent population. The austerity and sanctions policies were failed extensions of the old paradigm of social support. Built on the belief that income support for those out of work was the primary objective, Dutch governments sought to erect barriers to frivolous claims. The principle of passivity went unchallenged, and the result was a fruitless effort to police a system chock full of loopholes.

By the end of the 1980s, the tone of public and political discussion began to change, and a debate ensued over the way the inactive were perceived to conduct themselves. Critics began to argue that welfare dependency encouraged the development of the “calculating citizen” (Schuyt 1995), who exploits programs to maximize his or her own benefit. Empirical research into the behavior of the long term unemployed demonstrated that some do engage in calculating behavior, but many others had sincerely fulfilled their duties only to become discouraged by their failure to find work (Kroft, Engbersen, Schuyt and Waarden 1985). The debate indicated grave dissatisfaction with the passive consequences of the welfare state, and new ideas about activation began to develop (Wetenschappelijke Raad voor Regeringsbeleid 1987 and 1990).

Activation initiatives in the Netherlands have responded to this shift in public tone and constitute a third phase in the politics of welfare reform. Changes in unemployment insurance have moved away from the demand-driven system. The mechanism for this was a decentralization of administrative tasks that allowed local governments to develop their own initiatives for activating the unemployed. A comparison of activation initiatives in two cities, Amsterdam and The Hague, illustrate the types of differences the new law recognized (Dercksen and Engbersen 1992: 115-124). Both cities initiated activation schemes in response to an agricultural crisis in 1990 that was precipitated by a decision by the Minister of Justice to deny entrance visas to East Europeans who regularly came to harvest agricultural produce. The decision threatened the agricultural industry and Amsterdam responded by setting up an

activation scheme to prepare its own unemployed citizens to take jobs as temporary agricultural laborers. Thirty staff members were employed. Their task was to train people who would be guaranteed two months work in the fields. It was an initiative based on voluntary participation, and for which the city devoted substantial resources, but it only managed to activate less than two percent of the unemployed population. Two years later, another crisis in agriculture prompted official in The Hague to develop a similar scheme.

Some local governments also pursued activation in other policy areas, particularly in public assistance. Again, the programs were experimental, and localities approached the problem in different ways (Dercksen and Engbersen 1992: 140-142). In The Hague, 752 youth were told that they had to participate in an activation scheme or lose their benefits. About seventeen percent of the group failed to respond and were denied benefits for thirteen weeks. In Rotterdam, a similar sanction policy was put into effect, but it was less draconian. The sanction was coupled with a strong initiative to assist those who are unable to enter the work force either because their skills are dilapidated or their work habits were poor. This initiative marked a shift from mere income support towards activities typically associated with traditional social work in helping the unemployed. New projects offer people help in getting out of debt, or finding retraining programs. The active attitude is also reflected in new legislation at the national level. Revisions to the Unemployment Law have expanded the idea of “availability for work” as a condition for receiving a benefit. To be available for work, beneficiaries must be willing to accept jobs that involve commuting to nearby localities.

Further legislative reforms blurred the line between unemployment and public assistance. In 1995 the New Public Assistance Act marked three important changes in the program of public assistance that had been in place since 1963. First, the law incorporated explicit principles of activation, emphasizing the corresponding duties that accompany the right to assistance. Second, there was a decentralization of responsibility for administering the program, and municipalities were delegated a greater role (Toonen 1996). Third, municipalities were allowed to exercise their own discretion in setting benefit levels. Municipal officials can supplement the basic allowance by as much as twenty percent, or reduce it by as much as fifteen percent to encourage

beneficiaries to seek work. The result is that benefits vary by as much as thirty-five percent across the country (Berg 1996).

Like in Denmark the new laws empower local governments to activate welfare recipients, and activation is seen to be a way to combat a number of problems, including social exclusion. These laws grant more discretionary power to local authorities who use this power to intervene in the behavior of individuals. No longer the dispensers of unemployment and public assistance, local officials exercise the power to tell people what type of behavior will and will not be supported. But it is a modest movement away from the old paradigm of passive assistance. The disability program, still the largest program of income support has been relatively unaffected by the reforms. Despite strong efforts, those who benefit from the program have mobilized successful opposition to the government's efforts. The conclusion to be drawn is that while there are signs of new thinking in the Netherlands, the bastions of the *ancien regime* still have a strong foothold.

### **Comparing The Cases**

Both Denmark and the Netherlands have introduced activation into welfare states that have a tradition of passivity. Perhaps the most noticeable difference between the countries is that Danish officials have been able to legislate an activation scheme while in the Netherlands the government has been unable to address the country's biggest problem of inactivity. The explanation for this lies in the administrative structure of welfare programs in the two countries. In Denmark welfare programs are organized by the state, and there is almost no historical tradition of private sector organization in the delivery of welfare. The Netherlands, on the other hand, has a long history of blurring the line between state and civil society. Social organizations, such as religious charities, and the social partners, have always played a strong role in the development of social policy, and the administration of welfare programs. This delegation of public tasks to private organizations has always been done by a relatively weak state that proved unable to exercise control over how the programs operated. It is therefore easier in Denmark for the state to carry out a change in mind.

Aside from the differences, activation is a remarkable change for two welfare states that have a tradition of social-liberal passivity. The development of this new thinking seems to portend a paradigmatic shift in the way welfare states are conceptualized. During the 1970s, the initial response to the problem of activation conformed with the old paradigm of social support. Governments in both countries saw the problem as temporary. Therefore, the problems could be addressed within the existing paradigm by expanding benefits and with market-clearing policies such as early retirement and family leave.

Permanent unemployment raised a troubling problem in the 1980s and forced policy makers to consider new ways of addressing the growing problems of unemployment. Governments in both countries recognized that expanding the welfare state would not solve the problem and instead sought to contain its growth. The measures did not challenge the fundamental philosophy, but attempted to improve the flexibility of the welfare state in a new economic environment. But, the paradigm of passivity could not be reconciled with flexibility and tensions began to build. The young were still inactive, and they were joined by growing numbers of inactive elderly.

In the 1990s, passivity is directly under attack, and activism is gaining ground as a viable alternative principle. Activism requires a change in attitude on the part of policy makers and program administrators. It represents a new wave in public thinking about the balance between social rights and duties, and admits of a greater state role in the enforcement of both. These developments seem to indicate a sequential progression through the three phases of paradigmatic change, outlined by Peter Hall.

But, the comparison of the Dutch and Danish cases also illustrates three important points about Hall's model. The phases of policy change are not consecutive, but often occur simultaneously. In Denmark, for example, the expansion of leave schemes was a second-phase reform that was still being carried out in the 1990s. Decentralization to local governments, on the other hand, allowed some municipalities to engage in new-paradigmatic thinking long before it became accepted by the mainstream.

Second, only after it had documented some successes at the local level has the new thinking begun to be embraced by the mainstream. Indeed, there is still much controversy over

the issue of activation in both countries. Because activation confronts a passive welfare state, conventional thinkers view the new initiatives with scepticism. All of this is compatible with how Thomas Kuhn (1970) describes the structure of scientific revolutions. Change comes as new thinking provides a better explanation for problems than the old way of thinking. But, policy makers remain skeptical of the new thinking to prevent themselves being lightly distracted by fancy. The burden of proof is on the new paradigm. Not until it demonstrates itself better capable of solving the problem will it be accepted by the mainstream.

The third point, related to the second, is that one should look to the local level for indications of paradigmatic challenge. The welfare state is a national entity, tied up with issues of citizenship and universality. Consequently what the national government does is a reflection of mainstream thinking. Because a paradigm shift operates away from normal science, it will take place away from the vested interests of the *ancien regime*. The fact that activation is a big issue at the municipal level is a good indication of this.

## **Conclusions**

Activation is an effort to fundamentally rethink the way welfare states work. In countries with long traditions of welfare state passivity, such as Denmark and the Netherlands, the new thinking offers a paradigmatic challenge to the postwar philosophy of social welfare. The logic of social-liberal passivity is exhausted and activism has developed as a non-liberal alternative. All visions of activism share a complaint that moral relativism, and its operationalization in passive cash assistance, damages individuals and society. However, there is not yet a paradigm of activism. Many contending notions are on offer, and none has yet achieved widespread acceptance.

That the new thinking has cropped up in Denmark and the Netherlands offers a strong challenge to those who see efforts to force people into work as the hallmark of niggardly social policy. Such critics usually target programs in Great Britain and the United States for scorn (King 1995). Like 'workfare' or 'welfare-to-work' initiatives in the Anglo-American countries, the initiatives in Denmark and the Netherlands force people to accept jobs and view paid work as

the norm for the proper conduct of citizens. Where these programs differ from the British and American initiatives is in the attitude that accompanies them.

To simplify the issue, compassion and condemnation seem to characterize two competing visions of activism. Among the compassionate visions, passivity is seen to be a problem leading to social exclusion. Cash benefits may relieve the material conditions of poverty, but they fail to replace the social exchange one enjoys with fellow workers. This leads to a loss of self-esteem. Idleness and lowered self-esteem then produce undesirable effects such as higher rates of alcoholism, domestic abuse, and suicide.

The more condemning visions of activism see passivity as a vehicle that enables the idle to engage in socially undesirable behavior. Cash benefits that stipulate no conditions allow some individuals to spend their days drinking beer in public parks, for example. These critics are especially harsh on the younger inactive who are seen to be merely avoiding work. Ending passivity is desirable not because it helps to improve an individual's sense of self-worth, but because it forces people to take on social responsibilities whether they want to or not.

In ideological terms, these two visions offer some traditional alternatives to social-liberalism. The compassionate view echoes some of the more forgotten visions of socialism wherein work was valued for its contribution to the collective. The condemning visions of activism resonate with the fatalistic elements of authoritarian or conservative thought. The present mishmash of compassionate and condemning visions render it difficult to uncover a guiding philosophy behind the new programs of activation. They share an impatience with the tradition of passive welfare assistance but have yet to articulate a clear alternative. The result is a set of activation policies that operate sometimes at cross-purposes, and offer half-hearted alternatives to liberalism. To put it in terms of the original metaphor, the social-liberal safety net is being replaced with a trampoline that still needs to have all its corners stretched taut.

## **Notes**

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TABLE 1: Revenue and Expenditure in Danish Unemployment Insurance, 1989-1993 (figures in DKK million)

Year	Total Income from contributions	Total expenditure
1989	11176	33997
1990	11565	35189
1991	12095	39186
1992	12465	39879
1993	13071	47551

source: Danish Ministry of Labor 1994: 4.