

# **The Politics of Punitive and Enabling Workfare: Evidence from a New Dataset on the Workfare Balance in 16 Countries, 1980-2015**

Prepared for the *Seminar on the State and Capitalism since 1800* (organized by Peter A. Hall, Kathleen Thelen, Cathie Jo Martin, and Torben Iversen), 7 Feb 2020, Center for European Studies (CES), Harvard

## **Authors:**

[Alexander Horn](#), John F. Kennedy Memorial Fellow at CES, Harvard, previously Aarhus University, from 07/20 on Leader of the Emmy Noether [Research Group Varieties of Egalitarianism](#), Universität Konstanz

[Anthony Kevins](#), Lecturer in Politics and International Studies. Loughborough University

[Kees van Kersbergen](#), Professor, Department of Political Science, Aarhus University

## **Abstract**

This paper introduces a new comparative dataset on the workfare balance and then leverages these data to examine the drivers of workfare trends. First, we describe how the balance of punitive and enabling workfare demands placed on the unemployed has changed in 16 countries in the period 1980 – 2015. We observe an increasing number of legislative reforms affecting the workfare balance, somewhat tilted towards the punitive side; yet with the exception of the United Kingdom, we do not find a pronounced and broad overall shift towards punitive workfare. Second, we test and reject a number of hypotheses on the political determinants of workfare balance change, including the left-right divide, the strength of third-way social democracy, and neoliberalism. In particular, we argue that ideas of free market allocation and non-intervention (by the state) lead to *less* enabling and punitive workfare reforms. Emphasizing the moral rather than the economic foundations of social and economic policy, we find that moral conservatism explains workfare legislation of both the enabling and punitive kind.

## Introduction

The level of social protection provided by welfare states against the whims of the labour market has substantially declined since the mid-1990s (Hemerijck 2013; Van Kersbergen and Vis 2014; Jahn 2018; Morel et al. 2018; Siebrits 2019). Yet, it is not simply that retrenchment policies have made unemployment benefits much less generous by lowering replacement rates. Crucially, the social right to benefits in case of unemployment has also become increasingly restricted, while the obligation to accept a job and be active on the labour market has become remarkably more uncompromising (Clasen and Clegg 2011; Rueda 2015; Starke et al. 2016; Raffas 2017; Knotz 2018a,b). Governments have introduced both ‘sticks’ (punitive measures such as sanctions) and ‘carrots’ (enabling measures such as training and employment services), that are meant to ensure that the unemployed quickly find and accept a (new) job.

Workers and employees who lose their job can no longer count on a relatively unconditional, generous and immediate compensation for their loss of income via unemployment insurance or social assistance. Instead, they now face a host of negative and positive incentives to return to work as soon as possible. There seems to be general agreement in the literature that the reform of social protection systems against unemployment since the mid-1990s can best be characterized as a shift from welfare to workfare. Yet researchers diverge in their estimation as to whether *punitive* demands (e.g., stricter job-search obligations with attached sanctions) or *enabling* demands (e.g., requirements to accept training to improve job qualifications) have come to dominate social protection against unemployment. In other words, there is disagreement about what we call the *workfare balance* between punitive and enabling demands.

This paper makes two contributions to the existing literature. First, Part 1 introduces a detailed new dataset on unemployment policy reforms across 16 OECD countries since the 1980s. Using this dataset,

we first answer a set of (descriptive) research questions: which punitive and enabling demands are placed upon the unemployed, and how does the balance between these two change across 16 countries from 1980–2015? Our findings suggest an increasing number of legislative reforms affecting the workfare balance, somewhat tilted towards the punitive side; with the exception of the United Kingdom, however, we do not find a pronounced and broad overall shift towards punitive workfare. Second, Part 2 combines our new dataset with the Comparative Political Dataset (Armingeon et al. 2019) and – building on the existing literature on welfare state reform – answers our second (explanatory) research question: what are the political determinants of the changing workfare balance across 16 countries from 1980–2015? We argue that the idea that neoliberalism is to blame for a shift to the punitive pole of the workfare balance is theoretically flawed and empirically unsupported. We find that neoliberalism leads to less enabling *and* less punitive reforms. To explain changes to the workfare balance, we instead highlight the role of moral positions and show that moral conservatism drives both punitive and enabling reforms.

This paper proceeds as follows. Part 1 reviews the relevant literature on workfare and social investment, develops a new measure to capture the balance between punitive and enabling workfare, presents a new dataset, and examines empirical trends in workfare. Part 2 then combines our unique database with data on (party-)political indicators and presents our analysis of the political determinants of workfare policies.

## **PART 1: THE DEVELOPMENT OF THE WORKFARE BALANCE, 1980–2015**

### **Workfare or Social Investment?**

Studies of welfare state reform, despite using different vocabularies, concur that social protection systems against unemployment have increasingly prioritized ‘work’ (e.g., via activation policies) over ‘welfare’ (e.g., benefits) since the mid-1990s. Some analyses stress that the traditional, generous and lenient welfare state has given way to the modern, tight-fisted and austere *workfare state* (Jessop 1993; Peck 2001, 2003; Rueda 2015; Knotz 2018a). Whether austerity has targeted the entire population or only labour market and welfare state ‘outsiders’ (see, for example, Emmenegger et al. 2012), such studies tend to paint a relatively negative picture of social policy developments over the last few decades. Others see a rosier picture in the emergence and the spread of a novel social policy paradigm – *the social investment state* – that characterizes welfare state developments in many countries (Hemerijck 2013, 2017, 2018). Yet, even the social investment literature concedes that moving from a passive, compensatory welfare state towards social investment-oriented policies implies harsher eligibility criteria and punitive workfare policies. Still others, taking a position in between workfare and social investment, prefer to avoid overly value-laden terms and employ a more neutral concept such as ‘active social policy’ – partly to stress that despite welfare-to-workfare tendencies, ‘the income protection function of welfare states still plays a very important (and controversial) role, which is increasingly obscured by the very strong emphasis on employment promotion and investment in human capital’ (e.g., Bonoli 2013: 11).

### *Workfare*

In a typical expression of the *workfare state* position, Rueda (2015) holds that activation, by reducing social benefits and pushing people into work, represents the recommodification of labour power. Rueda’s value judgment follows from this: ‘Far from emancipating, its explicit objectives are to make the individual more dependent on the market and the provision of benefits dependent on deservingness, not rights’ (2015: 300). He summarizes the features of the workfare state as follows:

First, activation is meant to push people into employment (although often this may turn out to be low-pay employment) by reducing the attractiveness of social benefits. Second, attempts are made to develop or strengthen traditional active labor market policies so that benefit recipients are provided with the skills required to be successful when searching for a job (Rueda 2015: 298).

With both conditionality and activation are meant to prod individuals into employment, Rueda thus equates workfare with recommodification.

Other authors draw similarly negative conclusions. Knotz (2018a: 91), for example, follows the regulation approach to political economy (Jessop 1993; Peck 2001, 2003; see Vis 2007) and suggests that workfare policies are those that tighten benefit conditionality. Elsewhere, Knotz (2018b: 1) follows Rueda (2015) on workfare and refers to policies that involve ‘tightened eligibility conditions for unemployment benefits and ... tougher sanctions for claimants who refuse offers fail to comply with these conditions’. He calls these policies ‘demanding activation’, borrowing a term proposed by Raffass (2017) – for whom the ‘activation turn’ in unemployment policies is characterized by intensified coercion against the unemployed. Although activation policies also have enabling mechanisms, Raffass’ (2017) assessment of the effectiveness of activation exclusively focuses on the punitive side of policies – and hence affirms the ‘workfare state’ literature’s view that activation has been ineffective, stigmatizing and marginalizing.

On the whole, studies of workfare, recommodification or ‘demanding activation’ employ a conceptual framework that highlights the ‘intensification of behavioural conditionality in Western democracies’ characterized by ‘the *increased severity* of the sanctions to those whose conduct fails to conform to requirements’ (Watts and Fitzpatrick 2018: 4, emphasis in original; see Gerlitz 2018; Dinan 2019; Marchal and Van Mechelen 2017). Research in this vein thus generally equates workfare with the recommodification of labour and holds that punitive measures dominate labour market policy, including activation policies.

## *Social Investment*

In contrast, the social investment literature tends to highlight that recent policy changes increase human capital and help individuals to adapt to the new demands of the knowledge economy. The social investment approach tilts the welfare balance from *ex-post* compensation in times of economic or personal hardship to *ex-ante* risk prevention, for example by offering labour market (re-) training and assisting with, but also insisting on, job search.

The normative evaluation here is more positive: governments of various persuasions and operating in different welfare state regimes offer new enabling policies that better equip individuals for the labour market. These policies, alongside punitive measures that oblige the unemployed to find and accept a job, ultimately render jobseekers less dependent on passive transfers.

Paramount in the social investment approach are active labour market policies, which ‘remove obstacles to employment, upskill workers, or provide access to work experience’ and which comprise an ‘extremely diverse range of policies, going from vocational retraining to welfare-to-work or workfare schemes for social assistance beneficiaries’ (Bonoli 2013: 22). In Bonoli’s view, active labour market policies can have workfare-like features, especially those pro-employment policies that exclusively focus on incentive reinforcement via ‘measures that intend to strengthen work incentives for benefit recipients’ (2013: 25) and have no social investment component, such as benefit reductions and benefit conditionality. There are, however, also pro-employment policies with social investment components, referred to as employment assistance and upskilling, which include job search programmes, counselling, and job-related vocational training.

Nevertheless, the literature critical of the social-investment paradigm has revealed a number of serious policy and normative issues. For instance, as Mertens (2017) shows, the need to invest in human capital often runs up against still-dominant budgetary restraints and austerity. To the extent that the social

investment agenda is in fact translated into new social spending programs (e.g., early childhood education and care, higher education, active labour market policies) in advanced welfare states, only middle- and higher-income groups tend to benefit – typically at the expense of lower-income groups, who suffer a loss of social protection (Bonoli et al. 2017; see Barbier 2017). This is because fiscal resource competition between social investment and social protection expenditure is solved via the retrenchment of the latter, for instance, by tightening eligibility criteria for receiving unemployment and social assistance and by cutting benefits. Moreover, the strongly productivist orientation of social investment ranks economic returns first, emphasizes economic self-reliance and strongly favours the (male) paid worker over unpaid work and women (Morel and Palme 2017; Saraceno 2015).

In a restatement of his research findings, leading social investment researcher Hemerijck (2018) maintains that the social investment agenda adopted by the European Union (since 2013) and to some extent by the OECD (since 2015) in reality amounts to a paradigm shift away from retrenchment, austerity, labour market deregulation, and hence workfare. However, he also underscores that these organizations, as well as many governments of advanced welfare states, hardly back their social investment words by deeds. In fact, ‘the “default” neoliberal paradigm of market liberalization, balanced budgets, hard currency and welfare retrenchment also remains with us’ (Hemerijck 2018: 811) – and, by implication, so does workfare.

#### *Agreement on Trends, Disagreement on the Workfare Balance Between Punitive and Enabling Demands*

In sum, our discussion of the literature on workfare and social investment indicates that notwithstanding important nuances, the different analyses converge around the conclusion that social protection systems against unemployment since the mid-1990s have shifted from welfare to workfare. The literature on workfare *per se* interprets policy developments almost exclusively in terms of an increase in punitive demands, highlighting, for instance, stricter job-search obligations with attached

sanctions. The social investment literature *per se* does not deny the existence of punitive workfare or workfare-like developments, but tends to stress the increasing importance of the enabling side of such demands, including, for instance, requirements to accept training to improve job qualifications.

The various streams of research therefore seem to at least partly agree on the overall trend of development, but reach different conclusions regarding what we call *the workfare balance*: that is, the comparative weight of punitive and enabling demands. Our first contribution thus concerns the collection of data on the changes in the workfare balance over time, in an attempt to settle this issue empirically – a task we turn to now.

### **Measuring the Workfare Balance**

To measure the punitive and enabling demands placed upon the unemployed, we developed a *workfare balance* indicator. Data on this balance is derived from an analysis of legislative developments from 1980 to 2015, conducted by research assistants under the supervision of the three authors of this study (who provided guidance, verified coding choices, and ensured consistency across the cases). Together, we collected and coded data on punitive and enabling measures from 16 OECD countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, New Zealand, Norway, Sweden, the United Kingdom (UK) and the United States (US). The countries were chosen to provide a broad array of welfare state types in our sample, while still maintaining the required linguistic competencies. These dataset parameters allow us to analyse the causes and consequences of changes to the workfare balance over a 35-year period and across a diversity of social policy contexts.

In developing our dataset, we thus sought to build upon existing research by adopting a broad comparative approach that still captures a large range of social policy complexity. Three aspects of this complexity are particularly crucial, as they form the crux of our contribution to the literature.



First, our measure of the workfare balance extends beyond reforms targeting recipients of unemployment insurance, giving us a broader scope than existing measures (e.g., Knotz 2018a). The literature on welfare state dualization highlights distinct trajectories in insurance and assistance reforms (e.g., Emmenegger et al. 2012; Kevins 2017), suggesting that past measures, with their focus on unemployment insurance, are likely missing important changes in conditionality. Our approach thus encapsulates all reforms intended to either punish or enable the unemployed, whether they are drawing on unemployment insurance, social assistance, or neither. Data on these reforms were compiled using repositories on social security legislation (e.g., the International Social Security Association's *Social Security Country Profiles*, the International Labour Organization's *Database of national labour, social security and related human rights legislation*) complemented by existing academic publications on social policy reforms. Further details on the reforms were then collected using national online legislative archives and scholarly case studies. The result is a descriptive and coded overview of legislation affecting the workfare balance as broadly conceived (i.e., not simply for unemployment insurance recipients).

Second, given the aforementioned disagreement in the literature on this topic, it was crucial to consider the simultaneous development of both punitive (negative incentives) and enabling (positive incentives) measures – measures which were often introduced not only in parallel, but even as part of the same legislative act. In concrete terms, this meant that each punitive or enabling measure present in a law was individually recorded, described, and coded. Four possible (non-zero) codes were employed. A negative score of -1 was assigned if new duties for the unemployed were introduced, while a -2 was assigned if this was done substantively. Typically, laws coded as punitive strengthened the quid-pro-quo character of benefits (e.g., adding more demanding job-search regulations, community work requirements, etc.) via the introduction of 'action plans', '[work] agreements', or 'activation plans' – often with the explicit aim to increase 'incentives to work'. By contrast, a measure was coded +1 in cases where activation requirements were lowered, or where the measure clearly sought to improve the

qualifications and labour market position of jobseekers. As with the negative pole of the workfare balance, these enabling changes were instead coded +2 if they were particularly substantive in nature. Note that whether on the positive or negative end of the spectrum, ‘substantive’ changes were defined as those that entailed either a large programmatic reform or a multitude of very specific smaller changes that nevertheless formed part of a single broader measure.

Third and finally, our measure of the workfare balance also includes a consideration of the target scope of these reforms. The goal here was to allow us to distinguish punitive or enabling measures that singled out specific subgroups of the population from those that were applicable to all working-age unemployed persons. This is a crucial nuance, given that, for example, a measure providing job training for unemployed youths should clearly be differentiated from an equivalent measure extended to all unemployed persons. The target population of all measures was thus recorded, and using this data we then selected the most prominent subgroups and recoded each reform as targeting either: all unemployed persons; the young; the disabled; older workers; those without access to unemployment insurance; or some other group. This final, miscellaneous category typically includes either a particularly disadvantaged minority group (e.g., Aboriginals in Canada) or a subsection of unemployed persons targeted for their specific labour market history (e.g., laid-off individuals with seniority at their company).

To clarify the coding procedure as well as the content of the reforms under discussion, let us consider two sample pieces of legislation. Italy’s 1986 *Special Plan for Youth Employment* (Legge 11.4.1986, N. 113), for instance, sought to increase youth employment in key sectors. To do so, it created 40,000 on-site training openings for individuals aged 18 to 29 who had been out of work for at least a year. Given the reform’s scope and content, it was coded a plus 1 with a targeted subgroup – namely, the young. France’s 2003 Decentralization of the *Revenu minimum d’insertion* and creation of the *Revenu minimum*

*d'activité* (Loi n° 2003-1200), in turn, had simultaneous positive and negative effects on the workfare balance. Unemployed persons who had been drawing on the RMI minimum-income scheme for at least two years could now qualify for a topped-up RMI benefit (+1). However, to do so, they were required to register with the public employment services, search for work, and take up a part-time fixed-term position (-2). The result is a score of minus 1, once again with a targeted subgroup – in this case, individuals without access to unemployment insurance. Further illustrations of our dataset can be found in Appendix 1, which presents the full inputs – including coding decisions, underlying information and justifications – for two well-known cases of workfare reforms: The Welfare Reform Act 2012 in the UK, better known as Universal Credit; and the German law *Viertes Gesetz für moderne Dienstleistungen am Arbeitsmarkt*, better known as Hartz IV.

To ensure comparability, the team started with an extensive discussion of the application of the coding scheme to specific countries. Senior researchers and student assistants were then assigned cases in pairs, with country-assignment determined by language competencies. The coding decisions based on the information gathered were first discussed within these pairs and then among the senior researchers. The three senior researchers discussed controversial cases until agreement was reached<sup>1</sup>. Monthly meetings and a file with coding questions and answers helped to maintain common coding standards. After systematically coding the legislation in this way, we ended up with a total of 390 reforms that impacted the workfare balance in one direction or the other.

### **Changes and Trends in the Workfare Balance, 1980–2015**

---

<sup>1</sup> The last two rows of the “Hartz IV” column in Appendix 1 exemplify these ambivalent cases. Was Hartz IV “only” a specification of existing legislation? Although Hartz IV amends the SGB III, and in that sense could be argued to have high specificity, it meant path breaking change that goes far beyond a mere specification of existing rules and laws. As a consequence, the researchers concluded that Hartz IV is characterized by low specificity.

Using our new dataset, we describe the changes and trends in the workfare balance of 16 OECD countries since 1980. We begin by noting that the year 1997, which also marks the median year in the data set, is widely considered a turning point in the proliferation of workfare-related ideas and policies. Observers regard New Labour, and third way social democracy more broadly, as marking a turn to more reciprocal social rights and a stronger emphasis on punitive and demanding measures (see further analysis of the partisan effects on workfare in Part 2). Reflecting this consensus, our data suggest that both enabling and punitive measures have become more common from 1997 onwards compared to the pre-1997 period (punitive: mean increased from 0.38 to 0.61; enabling: from 0.34 to 0.52). This trend towards a) more legislative activity and b) shifts on both ends of the workfare balance does not depend on the precise cut-off we use and holds if we compare the old and the new millennium. In terms of the net effect (i.e., enabling *minus* punitive), the reform emphasis has shifted primarily in favour of punitive reforms – once again irrespective of specific cut-off points. The net effect was positive in the 1980s before drifting into the negative realm from the 1990s onwards.

To more rigorously assess whether governments have become more inclined to enact punitive and enabling measures over time, we use a trend variable, where ‘years’ are taken as the independent variable to postdict policy changes (see Table 1). Results suggest a significant trend towards more punitive *and* towards more enabling measures, both with and without a one-year lag and irrespective of if and how we control for the composition of government. Accordingly, the trend variable is also significant (and positive) with regard to the absolute cumulated workfare changes (further econometric details are provided in Part 2).

<Table 1> about here

Yet if we look at Figure 1, we see that this trend is far from universal across our 16 countries and must not be exaggerated. In the figure, black dots indicate enabling measures, while grey dots indicate

punitive ones. Although the overall impression is one of persistent heterogeneity, there is some convergence over time between the countries. Both for enabling and punitive measures, the coefficient of variation (i.e., the standard deviation divided by the mean) declined from the mid-1990s onward, indicating sigma-convergence (Holzinger et al. 2007: 18-19) – meaning that over time, policy patterns across countries became increasingly alike. Yet, many changes to the workfare balance specifically singled out certain groups on the labour market; to take but one example from the oft-cited British case, specific rules for young people outside of the labour market were introduced after Blair and New Labour came to power in 1997. As it matters whether these policies apply broadly to the working-age population or only target a specific subgroup, Figure 1 therefore also illustrates the underlying trends in specific subgroup targeting – with enabling policies in grey and punitive policies in black. Note that lines will extend beyond dots where more than one subgroup is targeted per reform. As Figure 1 indicates, the nature of these reforms on the whole was often more punitive than enabling. In general, however, subgroups were more often singled out in legislation to enable and to qualify them, while punitive or coercive measures were typically not group specific.

<Figure 1 about here>

Turning to consider the specific trajectories of individual countries and country groups that emerge from Figure 1, we can draw out several important observations that tie into the broader literature. First, we note that the UK, clearly the country that has been at the centre of the workfare debate (see Jordan 2018), is by no means typical or representative from a comparative perspective. No other country in our study has seen such a one-sided focus on punitive measures. In this regard, the UK is best approximated by the other English-speaking democracies – namely the US, Australia, Ireland, and to a lesser extent New Zealand. Canada is an exception to this rule, as we find a strong focus on enabling reforms (a

consequence of our focus on the federal level) – but as the grey line indicates, these measures generally only concerned specific subgroups of the population (such as Aboriginals).

France, Italy, and to a lesser extent also Belgium exhibit a trajectory that is characterized by a proliferation of small enabling measures that typically reform pre-existing programs. Austria and Germany show less frequent workfare reforms, though here too, the 1990s and 2000s are marked by a turn to activation measures that increasingly emphasize punitive over enabling measures. Both countries exhibit little or no group specific legislative changes of the workfare balance.

Within Scandinavia, we find clear cross-country differences rather than a common Nordic pattern. The extremes are marked by Denmark and Sweden. In Denmark, the adjustment of the historically embedded ‘flexicurity model’ (a mix of lax dismissal protection, high replacement rates in the event of job loss, and a strong qualification and re-qualification focus) since the early 1990s meant tighter eligibility criteria that contrast with previously (de facto) unconditional insurance benefits. In Sweden, by contrast, social-democratic and bourgeois governments have adjusted replacement rates, but focused on enabling rather than punitive workfare reforms, most likely because the crisis of the early 1990s was not rooted in labour market disincentives (a concern that was at the heart of the debate in Denmark).

Despite existing country differences, the variation of punitive and enabling measures within countries over time by far exceeds the variation between countries (the standard deviation is 0.7 to 0.3 for enabling measures and 0.9 to 0.3 for punitive measures). Zooming out to better grasp trends over time, Figure 2 shows average changes against the background of average unemployment levels. A score of 0 for punitive or enabling indicates that there has been no reform activity in a given year. Scores above 1 and below -1 mean pronounced reform activities. Figure 2 shows that the mid-1990s mark the time of the greatest policy activity on both dimensions. Correlations indicate that the mid-1990s is also the time

with the strongest positive relationship between punitive and enabling measures – as was the 2007/2008 economic crisis and its aftermath.

<Figure 2 about here>

As Figure 2 also highlights, both periods are marked by, or at least preceded by, very high unemployment rates in the OECD. The same observation can be made regarding the second oil crisis (1979) and the burst of the so-called dot.com bubble (in 2000). From this perspective, an upturn in policy activity could be conceived of as a lagged political response to increased unemployment, which itself trails behind drops in economic growth with 1 to 2 year delays. Yet, the policy reaction post 2007/08 was much less comprehensive than in the mid-1990s crisis. It is therefore not clear from Figure 2 if and how problem pressure is related to workfare policy. In any case, only a multivariate analysis that draws on within country variation will allow us to disentangle the political drivers behind punitive and enabling workfare reforms, controlling for economic conditions. The remainder of the article thus turns to this task.

## **PART 2: THE POLITICAL DETERMINANTS OF THE CHANGING WORKFARE BALANCE**

Our second contribution concerns the issue of the political determinants of the changing workfare balance over time and between countries, investigating the party-political drivers of enabling and punitive workfare reforms and accounting for relevant economic and institutional factors. We divide this analysis into two subsections. The first departs from the expectation that the left will focus on enabling reforms, while the right will favour punitive measures. The second focuses on the relevance of market and moral ideologies for workfare legislative preferences.

For all of the reported regression results, we embedded the workfare balance changes in the Comparative Political Dataset (Armingeon et al. 2019) – meaning that the unit of analysis is the country-year period. Our dependent variables are: 1) changes in the workfare balance (i.e., enabling changes-punitive changes), 2) punitive changes, 3) enabling changes, and 4) the absolute workfare activity (i.e., |punitive changes| + enabling change). Our dependent variable is lagged by one year, because this is the most common delay between legislation and implementation.

We address common problems in the analysis of time series cross-sectional data – unit heterogeneity, autoregressiveness, and heteroscedasticity – because they would violate the assumptions underlying general Ordinary Least Square regression. We use Prais-Winsten regressions with panel-corrected standard errors to account for autoregression and heteroskedasticity. Finally, we include country dummies (fixed-effects) to account for unit heterogeneity (Beck and Katz 1995) and to exclude the possibility that unobserved, stable, country-specific circumstances drive the regression results.

All analyses are conducted and presented with controls for spending for the unemployed and annual economic growth, and we also run the regressions with and without the unemployment ratio (the most direct problem pressure that could drive enabling and or punitive policy changes). It is worth noting



upfront, however, that none of these controls have independent direct effects that are statistically robust.

## **Left Versus Right?**

### *Theory*

Conventional arguments on the role of partisanship in the classic welfare state literature suggest that the left focuses on enabling reforms, while the right prioritizes punitive measures.

Two measures of partisanship dominate this strand of the literature. The first (classic) strategy for examining partisanship's policy effects follows Mair and Castles (1984) and relies purely on party labels (left, centre, right). Such labels have the advantage of being grounded in the historical origins of parties and are easily understood, leading to their common use as a heuristic for understanding party positions. The trade-off, however, is that these labels arguably do a poor job of capturing ideological shifts over time.

The second approach, in turn, tests the effect of ideology directly by combining classic labels with dynamic left-right positions (RILE), available from the Comparative Manifesto Project<sup>2</sup>. In our case, our interest is in whether and to what extent the ideological transformations of the left towards the centre-right played a part in the surge of new workfare laws. This approach thus allows us to look at left parties – or at least those that were traditionally considered left parties – that have moderated their left-right

---

<sup>2</sup> The right-left index (RILE) of the Manifesto Project is the most important dynamic left-right measure and based on quantitative analyses of party manifestos. The relative emphasis on 13 items classified as left is subtracted from the relative emphasis on 13 right items (thus, negative values indicate that left positions outweigh right positions). The RILE “opposes emphases on peaceful internationalism, welfare and government intervention on the left, to emphasis on strong defence, free enterprise, and traditional morality on the right” (Klingemann et al., 2006, p. 5). Assessments of the underlying items (e.g., welfare) indicate that the items have content validity (Horn et al. 2017).

positions and moved to the centre – rather than assuming that the old left as a whole has done so in the 1990s.

Regardless of whether one adopts the first or the second strategy, however, the assumption that the democratic class struggle still unfolds in the ways Korpi (1983) originally described is highly contested. After decades of dealignment of core electoral groups from ‘their’ parties, few scholars still hold that it is instructive to conceive of the left as the political arm of the labour movement and the bourgeois parties as the representatives of capital (Häusermann et al. 2013). Even in the realm of old compensatory politics and labour market protection, ideological conversion (Horn 2017) or an insider bias of social democratic parties (Rueda 2007) call into question any clear-cut expectations on how different party families affect policies. Likewise, the literature on the ‘third way’ of European Social Democracy (Green-Pedersen and van Kersbergen 2002) suggests that universal party effects along the lines of the old-left right divide are less likely since the mid-1990s. We therefore expect classic party labels and the more dynamic left-right divide to have become irrelevant for workfare, as they are imprecise proxies for ideological stances (Horn 2017).

### *Results*

Our results indicate that scepticism regarding a clear left-right divide is indeed warranted. We find no robust partisan effects (on punitive reforms, enabling reforms, or the total balance measure) associated with the share of left or right parties in government (as is customary, using the portfolio share to weigh parties). This is the case irrespective of the model specification and control variables. Table 2, 3, 4, and 5 show the effects of left and right partisanship with and without controlling for unemployment, for the entire time series, and for the post-1997 period only. In all models, the slopes for left and right partisanship of governments are flat (marginal effects are therefore not shown).

< Tables 2, 3, 4, and 5 about here >

As for the trend towards more enabling and punitive measures that we reported in Part 1, we do not find that left parties behave significantly differently during the post 1997-period; interaction terms consisting of time and partisanship were not significant. We read these results as tentative evidence against the idea that an effect of left parties can only be found after the transition to third way social democracy.

Neither do we find that left, centre, or right governments are particularly inclined to target specific groups, such as the young, older workers, or the sick (models that utilize data for the specific subgroups not shown). If we exchange the party labels with the dynamic and multidimensional Left-Right Index from the Manifesto Project, the overall finding is still a null result. Table 6 shows no robust effects, irrespective of whether or not we control for unemployment. Again, to us, these non-effects of partisanship – conceived of in terms of the old left-right divide – are not surprising, and suggest that we must engage with more specific ways of measuring ideology if we want to assess the question of whether and how parties matter for the introduction of workfare reforms. The next section thus turns to this task.

<Table 6 about here>

## **Neoliberal Economics Versus Moral Conservatism**

### *Theory*

Our second approach to investigating partisan effects suggests moving beyond dichotomous left and right categorizations and focusing on more specific ways in which government ideology is related to punitive and enabling workfare. Here, we zoom in on the much-discussed impact of neoliberalism and point to the potential moral foundations of workfare. Although moral beliefs are increasingly considered to be important for understanding individual-level attitudes towards welfare and redistribution (Kevin's

et al. 2019), the impact of parties' moral positions on workfare has not yet been tested in a large-N study.

The conviction that, since the 1980s, neoliberalism has been the political force that has driven welfare state retrenchment in general, and labour market deregulation and the contraction of unemployment protection in particular, is a topic of broad agreement in the literature (see, for example, Hemerijck 2013: 126–133). From this perspective, recommodifying social policy reforms characterize the neoliberal approach to transforming the welfare state into a workfare state that governments – especially in the liberal, English-speaking Anglo-liberal (Hay 2013) welfare states, but also elsewhere – have adopted. The deep moral conviction under neoliberalism is that the market is ‘the most efficient and *moral institution* for the organization of human affairs, which (...) could and perhaps even should replace all other institutions (e.g., family, state, community, and society) as the primary mechanism for producing, promoting, and preserving social order’ (Springer et al. 2016: 3, emphasis added; see Mudge 2011; Cahill et al. 2018; MacLeavy 2016). A neoliberal state should therefore put strict limits on social and economic interventionism by promoting marketization, privatization and deregulation.

Our key criticism of the neoliberalism-thesis is that the oft-assumed nexus between neoliberal worldviews and (punitive) workfare policies problematically neglects the enabling side of workfare. Contrary to the critique of workfare as an expression of neoliberalism, we hypothesize that neoliberal economic ideas of non-intervention in the market – hereafter called *market ideology* – are negatively associated with workfare policies, both of the punitive and of the enabling kind. The reason is that workfare – in sharp contrast to retrenchment of passive transfer systems, for which market ideology is a, if not *the*, key driver (see Horn 2017) – means more state intervention. With regard to the enabling pole of the workfare balance, the argument that training and (re-)qualification engenders public sector expansion is, we think, uncontroversial. Yet, if we attempt to reduce punitive workfare to a form of

retrenchment (i.e., state retreat or risk privatization), we run into problems, too. Supervising and implementing the job plans and activity requirements that underpin punitive workfare and penalties for non-compliance with activity plans entails new rules and more bureaucrats. This inevitably extends rather than limits the reach of the state, and thus goes against the instincts of a neoliberal understanding of the market-state nexus.

It is thus difficult to conceive of workfare as mere state retreat, even if we limit our focus to punitive measures (enabling reforms quite clearly indicate expansion). Instead, the rise of workfare marks an extension of the reach and responsibilities of the state vis-à-vis individual freedom and market allocation. If individuals are better positioned than the state to know what is best for them, and if 'Government is short-sighted, bad at handling information, and subject to incentives that rarely line up with those of the public at large', then 'workfare has the potential to be massively distortional' (Bowman 2012). Note that we are not arguing that there are no examples in which governments drawn to neoliberal ideas use workfare as a tool for cost cutting. We are, instead, hypothesizing that governments wary of state intervention are less inclined to reinvigorate a culture of self-reliance via the introduction of mutual rights and obligations that inevitably lead to new public responsibilities to monitor, qualify, and sanction welfare beneficiaries. We thus challenge some common wisdom over the ideological determinants of workfare.

However, if we do not expect that economic rationales help us to understand changes towards workfare policies, the follow-up question must be, what does? In other words, if market ideology can be expected to be negatively related to punitive and enabling workfare, what then are the positive explanations? We know that moral reasoning matters for individual attitudes towards income redistribution and social protection, and we argue that such moral foundations ('moral economy') should matter for parties and governments as well (Van Oorschot 2000; Petersen et al. 2011; Götz 2015; Jensen and Petersen 2017;

Hann 2018; Horn 2018; Sayer 2018; Bolton and Laaser 2019; Taylor-Gooby et al. 2019). More specifically, two sets of moral convictions should make governments more susceptible to implementing workfare reforms: first, the conviction that there are mutual social obligations between citizens on the one hand and a strong (or even paternalistic) state on the other; and second, the conviction that the state has an obligation to uphold traditional morals (Van Kersbergen and Kremer 2008). We expect that the more governments commit to this moral conservatism, the more they legislate both punitive and enabling workfare reforms.

### *Results*

Are governments with a market ideology – and thus in favour of reduced state intervention – less active in workfare policy reform? Our models in Table 7 confirm our expectation that existing measures for market ideology taken from the Manifesto Project postdict lower absolute change and fewer punitive and enabling workfare reforms.

<Table 7 about here>

In order to make the interpretation of these results more accessible and to convey how substantially significant these effects really are, Figure 3 shows our results as predicted changes. Essentially, these predictive margins/adjusted predictions allow us to compare how an average government changes the workfare balance depending on its market ideology. To ensure that our conclusions do not depend on non-existing or extreme values of market ideology, we add a histogram of market ideology to each plot.

<Figure 3 about here>

If we solely consider the net effect of punitive and enabling reforms in Panel A of Figure 3, we would conclude that there is no evidence of an effect: for high, medium, and low levels of market ideology, the predicted workfare balance change is identical. However, Panel B and Panel C show that both punitive

and enabling reforms are undertaken mostly by cabinets with low- or medium-market ideology. For governments with pronounced market ideology, predicted changes are much more modest and statistically indistinguishable from 0 (i.e., no change). This means that workfare can indeed be regarded as a form of state intervention that cabinets with neoliberal ideas of non-intervention in the market dislike. Accordingly, the number of absolute changes (punitive and enabling) shown in Panel D – a measure of legislative activity that must of course be distinguished from net effects – falls from >1 to 0 if market ideology is high, suggesting support for our predicted relationship.

Turning to our second hypothesis in this section, do governments that commit to moral conservatism legislate more punitive and enabling workfare reforms? To test this, we use several items in the Manifesto Data (for an assessment of its content validity, see Horn et al. 2017) to construct a measure of moral conservatism (traditional morality, political authority, law and order). Importantly, the results we present here hold irrespective of the inclusion or exclusion of any one of these items. We also note that the effects are equally strong or stronger if we extend our definition of moral conservatism to include more controversial items such as ‘national way of life positive’ and ‘multiculturalism negative’. As with market ideology, we report the effects with and without unemployment (Table 8) and show how the predicted changes vary across (observable) values for moral conservatism (Figure 4).

<Table 8 and Figure 4 about here>

What we find in Table 8 and Figure 4 is the mirror image of what we found for market ideology. The panels of Figure 4 are based on the models from Table 8 that control for unemployment (model 5, 6, 7, 8) – but the findings are not substantially different if we present the models without unemployment. Panel D shows that moral conservatism has a substantial and significant impact on the level of workfare policy activity. Panel B and C, in turn, show that morally conservative cabinets can be expected to legislate enabling and punitive reforms each year. By contrast, in the absence of moral conservatism, we

would expect to observe little to no changes, as indicated by the proximity to 0 on the left y-axis for low levels of x. The differences in the predictions are significant from medium-high levels of moral conservatism onwards, and amount to a full standard deviation (enabling: 0.79, punitive: 0.95, absolute: 1.39) if we compare low and high values of moral conservatism in Panels B, C, and D.

Summing up Part 2, the trend towards more legislative activity – both in terms of enabling and punitive measures – cannot be explained with problem pressure, power resource theory, neoliberalism, or the rise of a transformed third-way social democracy since the mid-1990s. The results we find are more complex and contradict arguments that view workfare as a genuinely neoliberal project. Instead, we find that (more traditional) moral conservatism is a robust and substantial driver of punitive and enabling workfare.

## **Conclusion**

The reform of social protection systems against unemployment since the 1990s is best portrayed as a conversion from welfare to workfare. Workfare policies, however, have both a punitive and an enabling side and researchers disagree as to whether the former or the latter have come to dominate workfare policy. To tackle this issue, we collected new data on changes in the workfare balance between punitive and enabling legislative measures in the period 1980 to 2015 across 16 OECD countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, New Zealand, Norway, Sweden, the United Kingdom, and the United States.

Part 1 of the article then described over-time trends in workfare, illustrating an increasing number of reforms affecting the workfare balance and a slight tendency toward punitive over enabling reforms. Yet we do not find a pronounced and broad overall shift towards punitive workfare only; instead, many countries strike a balance between punitive and enabling measures. At the same time, however, enabling measures are much more likely to be narrowly targeted, while punitive ones tend to be



broader in scope. Our focus on the workfare balance also reveals that punitive and enabling measures are often not only legislated in parallel, but also outlined in the same laws.

Many workfare studies have generalized from the British case, but we note that the United Kingdom is a uniquely punitive workfare case and broadly unrepresentative of general trends. The continental welfare states typically show a mix of measures, but with an increasing emphasis on sticks over carrots. Cross-country differences in Scandinavia are worth noting as well, with Denmark introducing increasingly tight eligibility criteria and Sweden introducing enabling rather than punitive workfare reforms.

Part 2 of the article then investigated the political determinants of enabling and punitive measures, finding that old assumptions about partisan politics (enabling Left vs. punitive Right), third way social democracy, and neoliberalism cannot account for increased legislative activity. To the contrary, while much of the workfare literature qualifies workfare and the workfare state as neoliberal, we find that ideas of non-intervention in the market lead to *less* workfare, whether it be punitive or enabling. Instead, and in line with recent studies that focus on moral rather than economic foundations of social and economic policy, we find that morally conservative positions are a robust predictor of both enabling and punitive workfare policy.

In sum, it is too simple to see workfare as only punitive and as a product of neoliberalism in the sense it is commonly understood (i.e. economic orthodoxy prioritizing market allocation). Our findings indicate that laissez-faire beliefs are hard to reconcile with workfare and point to the moral foundations of workfare. Neoliberalism is much more likely to yield policy passivity (e.g., retrenchment), while moral conservatism pushes governments toward policy activity and the creation of new monitoring and control measures.

## References

- Armingeon, Klaus, Wenger, Virginia, Wiedemeier, Fiona, Isler, Christian, Knöpfel, Laura, Weisstanner, David and Engler, Sarah (2019), *Comparative Political Data Set 1960-2017*, Bern: Institute of Political Science, University of Berne.
- Barbier, Jean-Claude (2017), 'Social investment': With or Against Social Protection?, in Anton Hemerijck (ed.), *The Uses of Social Investment*, Oxford: Oxford University Press, pp. 51–58.
- Beck, Nathaniel and Katz, Jonathan N. (1995), What To Do (and Not To Do) With Time-series Cross-Section Data, *American Political Science Review* 89 (3): 634–647.
- Bolton, Sharon C. and Laaser, Knut (2019), The Moral Economy: Flexible Employment and Layers of Disconnection, in Gregor Gall (ed.), *Handbook of the Politics of Labour, Work and Employment*, Cheltenham: Edward Elgar Publishing, pp. 201–212.
- Bonoli, Giuliano (2013), *The Origins of Active Social Policy: Labour Market and Childcare Policies in a Comparative Perspective*, Oxford: Oxford University Press.
- Bonoli, Giuliano, Cantillon Bea and Van Lancker, Wim (2017), Social Investment and the Matthew Effect: Limits to a Strategy, in Anton Hemerijck (ed.), *The Uses of Social Investment*, Oxford: Oxford University Press, pp. 66–76.
- Bowman, Sam (2012), Beware Workfare, Adam Smith Institute's blog, <https://www.adamsmith.org/blog/welfare-pensions/beware-workfare>, accessed 13 November 2019.
- Cahill, Damien, Cooper, Melinda, Konings, Martijn and Primrose, David (eds) (2018), *The SAGE Handbook of Neoliberalism*, London. Sage.
- Clasen, Jochen and Clegg, Daniel (eds) (2011), *Regulating the Risk of Unemployment: National Adaptations to Post-industrial Labour Markets in Europe*, Oxford: Oxford University Press.
- Dinan, Shannon (2019), A Typology of Activation Incentives, *Social Policy & Administration* 53 (1): 1-15.
- Emmenegger, Patrick, Silja Häusermann, Bruno Palier, and Martin Seeleib-Kaiser (eds.) (2012), *The Age of Dualization*, Oxford: Oxford University Press.
- Gerlitz, Jean-Yves (2018), Rising In-Work Poverty in Times of Activation: Changes in the Distributive Performance of Institutions over Three Decades, Germany 1984–2013, *Social Indicators Research* 140 (3): 1109-1129.
- Götz, Norbert (2015), 'Moral Economy': Its Conceptual History and Analytical Prospects, *Journal of Global Ethics* 11 (2): 147–162.

- Green-Pedersen, Christoffer and Van Kersbergen, Kees (2002), The Politics of the Third Way. The Transformation of Social Democracy in Denmark and the Netherlands, *Party Politics* 8 (5): 507–524.
- Häusermann, Silja, Picot, Georg and Geering, Dominik (2013), Review Article: Rethinking Party Politics and the Welfare State – Recent Advances in the Literature, *British Journal of Political Science* 43 (2): 221-240.
- Hann, Chris (2018), Moral (ity and) Economy: Work, Workfare, and Fairness in Provincial Hungary, *European Journal of Sociology* 59 (2): 225–254.
- Hay, Colin (2013), *The Failure of Anglo-Liberal Capitalism*, Basingstoke: Palgrave Macmillan.
- Hemerijck, Anton (2013), *Changing Welfare States*, Oxford: Oxford University Press.
- Hemerijck, Anton (ed.) (2017), *The Uses of Social Investment*, Oxford: Oxford University Press.
- Hemerijck, Anton (2018), Social Investment as a Policy Paradigm, *Journal of European Public Policy* 25 (6): 810–827.
- Holzinger, Katharina; Jörgens, Helge; Knill, Christoph (2007) Transfer, Diffusion und Konvergenz: Konzepte und Kausalmechanismen, in Katharina Holzinger, Helge Jörgens and Christoph Knill (eds), *Transfer, Diffusion und Konvergenz von Politiken*, Wiesbaden: Verlag für Sozialwissenschaften, pp. 11–35.
- Horn, Alexander (2017), *Government Ideology, Economic Pressure, and Risk Privatization. How Economic Worldviews Shape Social Policy in Times of Crisis*, Amsterdam: Amsterdam University Press.
- Horn, Alexander (2018), Conditional Solidarity: A Comparative Analysis of Government Egalitarianism and Benefit Conditionalization in Boom and Bust, *Journal of Comparative Policy Analysis* 20 (5): 451–468.
- Horn, Alexander, Kevins, Anthony, Jensen, Carsten and Van Kersbergen, Kees (2019), Peeping at the Corpus - What is Really Going on behind the Equality and Welfare Items of the Manifesto Project? *Journal of European Social Policy* 27 (5): 403-416
- Jahn, Detlef (2018), Distribution Regimes and Redistribution Effects during Retrenchment and Crisis: A Cui Bono Analysis of Unemployment Replacement Rates of Various Income Categories in 31 Welfare States, *Journal of European Social Policy* 28 (5): 433–451.
- Jensen, Carsten, and Petersen, Michael Bang (2017), The Deservingness Heuristic and the Politics of Health Care, *American Journal of Political Science* 61 (1): 68–83.
- Jessop, Bob (1993), Towards a Schumpeterian Workfare State? Preliminary Remarks on Post-Fordist Political Economy, *Studies in Political Economy* 40 (1): 7-39.

- Jordan, John David (2018), Welfare Grunters and Workfare Monsters? An Empirical Review of the Operation of Two UK 'Work Programme' Centres, *Journal of Social Policy* 47 (3): 583-601.
- Kevins, Anthony, (2017), *Expanding Welfare in an Age of Austerity: Increasing Protection in an Unprotected World*, Amsterdam: Amsterdam University Press.
- Kevins, Anthony, Horn, Alexander, Jensen, Carsten and Van Kersbergen, Kees (2019), Motive Attribution and the Moral Politics of the Welfare State, *Journal of Social Policy*, first view, <https://www.cambridge.org/core/journals/journal-of-social-policy/article/motive-attribution-and-the-moral-politics-of-the-welfare-state/D2DC2B5761B7474254AB8BEC75CF9B0D>.
- Klingemann, Hans-Dieter, Volkens, Andrea., Bara, Judith, Budge, Ian and McDonald, Michael (2006), Mapping Policy Preferences II: Estimates for Parties, Electors, and Governments in Eastern Europe, European Union and OECD 1990–2003. Oxford: Oxford University Press.
- Knotz, Carlo (2018a), A Rising Workfare State? Unemployment Benefit Conditionality in 21 OECD Countries, 1980–2012, *Journal of International and Comparative Social Policy* 34 (2): 91-108.
- Knotz, Carlo (2018b), Why Countries 'Get Tough on the Work-Shy': The Role of Adverse Economic Conditions, *Journal of Social Policy*, first view, <https://www.cambridge.org/core/journals/journal-of-social-policy/article/why-countries-get-tough-on-the-workshy-the-role-of-adverse-economic-conditions/F16D383CFBFE8ABA92D3540BEE25EF2F>.
- Korpi, Walter (1983), *The Democratic Class Struggle*, London and New York: Routledge.
- MacLeavy, Julie (2016), Neoliberalism and Welfare, in Simon Springer, Kean Birch and Julie MacLeavy (eds), *The Handbook of Neoliberalism*, Oxon: Routledge, pp. 252–261.
- Castles, Francis G., and Mair, Peter (1984), Left–Right Political Scales: Some 'Expert' Judgments, *European Journal of Political Research* 12 (1): 73–88.
- Marchal, Sarah and Natascha Van Mechelen (2017), A New Kid in Town? Active Inclusion Elements in European Minimum Income Schemes, *Social Policy & Administration* 51 (1): 171–194.
- Mertens, Daniel (2017), The 'New Welfare State' Under Fiscal Strain: Austerity Gridlocks and the Privatization of Risk, in Anton Hemerijck (ed.), *The Uses of Social Investment*, Oxford: Oxford University Press, pp. 77–86.
- Morel, Nathalie and Palme, Joakim (2017), A Normative Foundation for the Social Investment Approach?, in Anton Hemerijck (ed.), *The Uses of Social Investment*, Oxford: Oxford University Press, pp.150–157.
- Morel, Nathalie, Touzet, Chloé, and Zemmour, Michaël (2018) Fiscal Welfare in Europe: Why Should We Care and What Do We Know So Far?. *Journal of European Social Policy* 28 (5): 549–560.

- Mudge, Stephanie Lee (2011). What's Left of Leftism?: Neoliberal Politics in Western Party Systems, 1945–2004, *Social Science History* 35 (3): (2011): 337–380.
- Peck, Jamie (2001), *Workfare States*. New York: Guilford Press.
- Peck, Jamie (2003), The Rise of the Workfare State, *Kurswechsel* 3: 75-87.
- Petersen, Michael Bang, Slothuus, Rune, Stubager, Rune and Togeby, Lise (2011), Deservingness versus Values in Public Opinion on Welfare: The Automaticity of the Deservingness Heuristic, *European Journal of Political Research* 50 (1): 24–52.
- Raffass, Tania (2017), Demanding Activation, *Journal of Social Policy* 46 (2): 349-365.
- Rueda, David (2007), *Social Democracy Inside Out*, Oxford: Oxford University Press.
- Rueda, David (2015), The State of the Welfare State: Unemployment, Labor Market Policy, and Inequality in the Age of Workfare, *Comparative Politics* 47 (3): 296-314.
- Saraceno, Chiara (2015), A Critical Look to the Social Investment Approach from a Gender Perspective, *Social Politics* 22 (2): 257–269.
- Sayer, Andrew (2018), Welfare and Moral Economy, *Ethics and Social Welfare* 12 (1): 20–33.
- Siebrits, Krige (2019), Globalization and Social Protection: An Economic Perspective, in Ursula van Beek (ed.), *Democracy under Threat. A Crisis of Legitimacy?*, Cham: Palgrave Macmillan, pp. 255–279.
- Springer, Simon, Birch, Kean and MacLeavy, Julie (2016) An Introduction to Neoliberalism, in Simon Springer, Kean Birch and Julie MacLeavy (eds), *The Handbook of Neoliberalism*, Oxon: Routledge, pp. 1–14.
- Starke, Peter, Wulfgramm, Melike and Obinger, Herbert (2016) Welfare State Transformation across OECD Countries: Supply Side Orientation, Individualized Outcome Risks and Dualization, in Melike Wulfgramm, Tonia Bieber and Stephan Leibfried (eds), *Welfare State Transformations and Inequality in OECD Countries*, London: Palgrave Macmillan, pp. 19–40.
- Taylor-Gooby, Peter, Hvinden, Bjørn, Mau, Steffen, Leruth, Benjamin, Schoyen, Mi Ah and Gyory, Adrienn (2019), Moral Economies of the Welfare State: A Qualitative Comparative Study, *Acta Sociologica* 62 (2): 119–134.
- Van Kersbergen, Kees and Kremer, Monique (2008), Conservatism and the European Welfare State, in Wim van Oorschot, Michael Opielka and Birgit Pfau-Effinger (eds), *Culture and the Welfare State: Values and Social Policy in Comparative Perspective*, Cheltenham: Edward Elgar, pp. 71–88.
- Van Kersbergen, Kees and Vis, Barbara (2014), *Comparative Welfare State Politics: Development, Opportunities, and Reform*, Cambridge: Cambridge University Press.

Van Oorschot, Wim (2000), Who Should Get What, and Why? On Deservingness Criteria and the Conditionality of Solidarity among the Public, *Policy & Politics* 28 (1): 33–48.

Vis, Barbara (2007), States of Welfare or States of Workfare? Welfare State Restructuring in 16 Capitalist Democracies, 1985–2002, *Policy & Politics* 35 (1): 105-122.

Watts, Beth and Suzanne Fitzpatrick (2018), *Welfare Conditionality*, Oxon/New York: Routledge.

# Figures

## Figure 1: Workfare-balance, 1980–2015

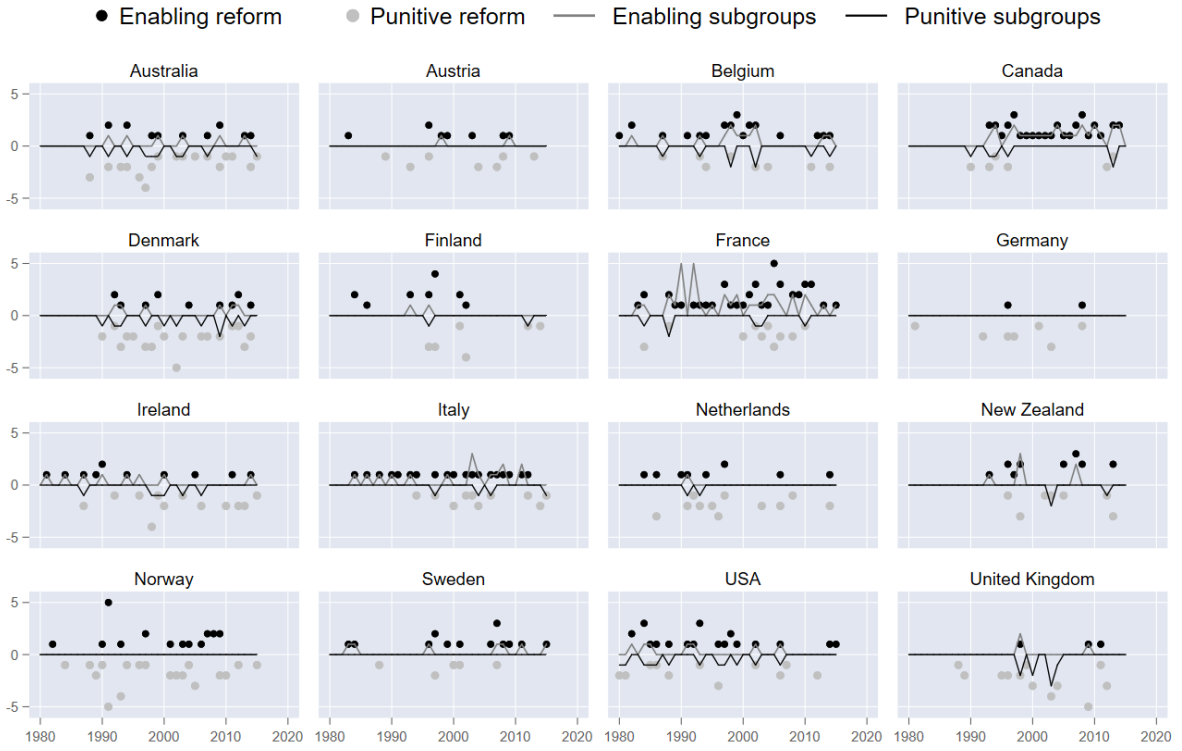


Figure 2: Workfare and unemployment, 1980–2015

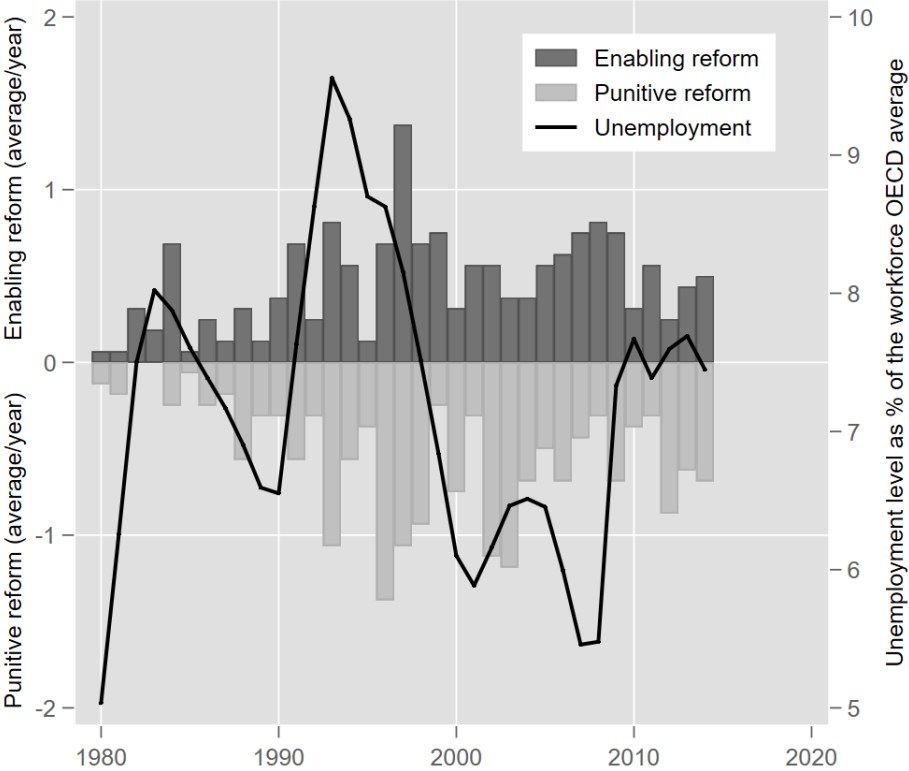




Figure 3: Market Ideology and Workfare Reforms

Market Ideology and Workfare Reforms, Predictive Margins with 90% CIs

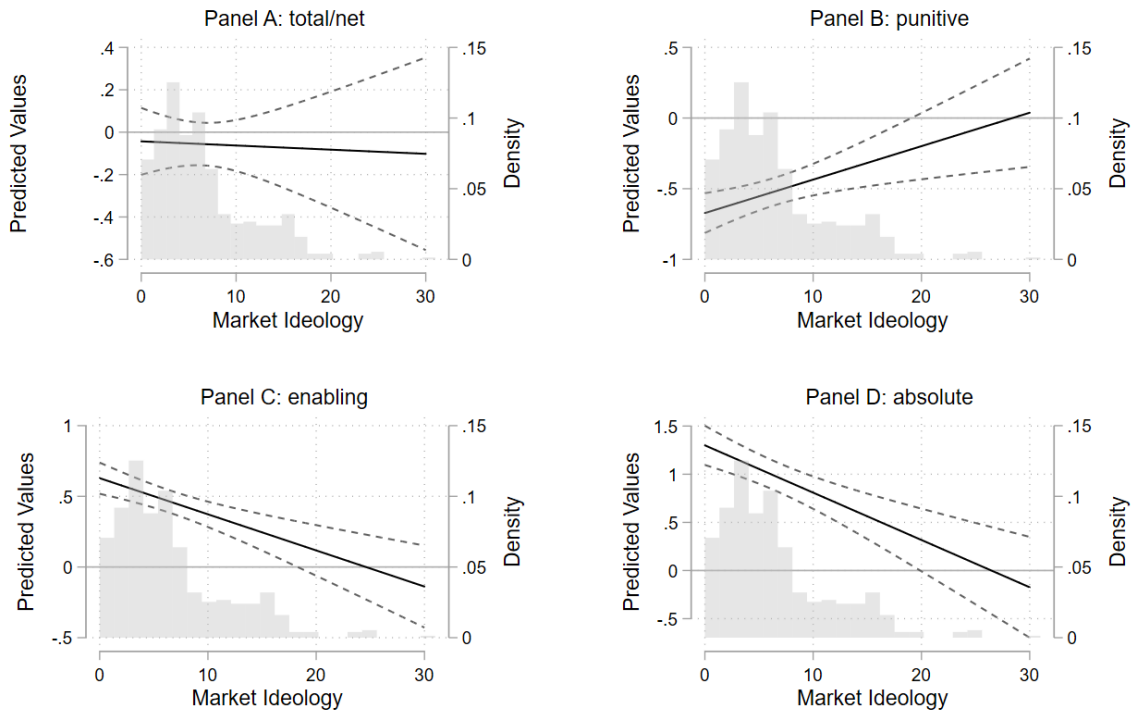
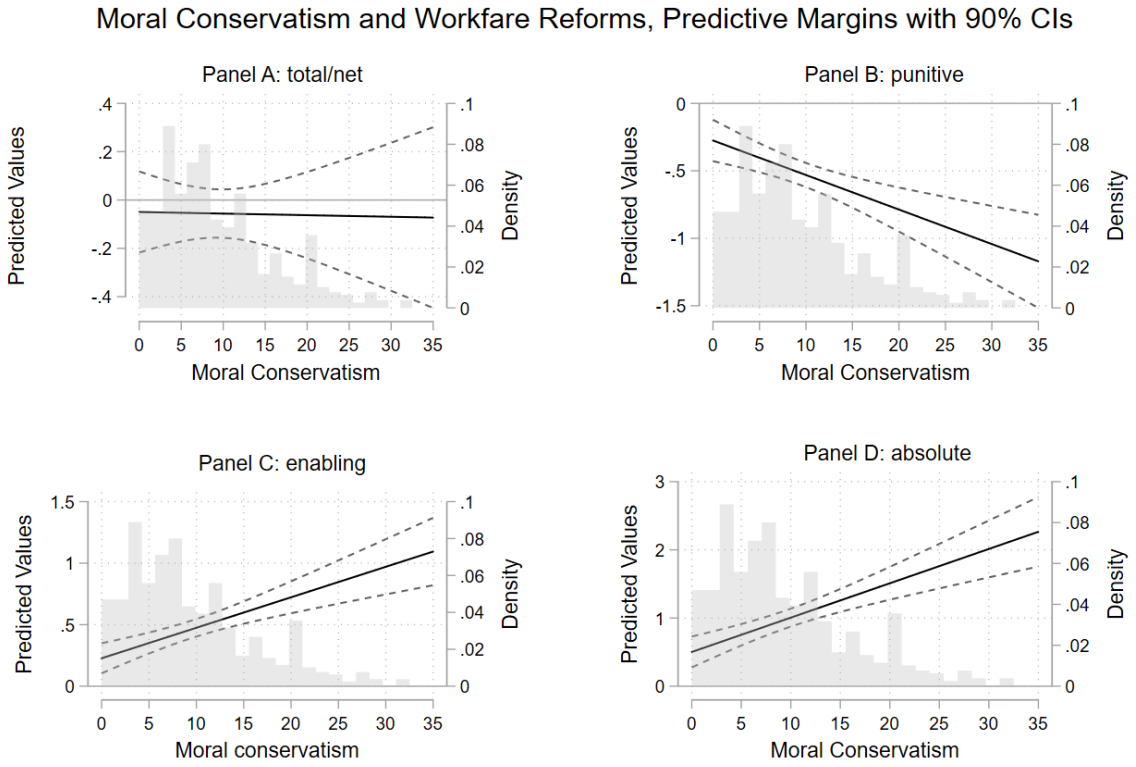


Figure 4: Moral Conservatism and Workfare Reforms



## Tables

**Table 1: Trend towards more legislative activity over time**

	(1) total/net	(2) punitive	(3) enabling	(4) absolute	(5) total	(6) punitive	(7) enabling	(8) absolute
Year	-0.00481 (0.00570)	-0.0158*** (0.00522)	0.0110** (0.00451)	0.0267*** (0.00813)	-0.00496 (0.00571)	-0.0160*** (0.00519)	0.0110** (0.00450)	0.0271*** (0.00806)
Partisanship (Left-Right)					0.000376 (0.000717)	0.000664 (0.000589)	-0.000221 (0.000524)	-0.000854 (0.000879)
N	560	560	560	560	560	560	560	560
R <sup>2</sup>	0.137488	0.101538	0.140695	0.097567	0.138763	0.104095	0.140711	0.099600

Note: Prais-Winsten regressions, PCSE in parentheses. \* p < 0.1, \*\* p < 0.05, \*\*\* p < 0.01. All models with country fixed effects. The balance is the net effect of *punitive* changes (coded -1 or -2) and *enabling* changes (coded 1 or 2). *Partisanship* calculated by share of left cabinet parties minus share of right cabinet parties (Armingeon et al. 2018).

**Table 1: No main effects of partisanship 1980–2015**

	(1) total	(2) punitive	(3) enabling	(4) absolute	(5) total	(6) punitive	(7) enabling	(8) absolute
Right share	0.000385 (0.00133)	0.000365 (0.00111)	0.0000157 (0.000988)	-0.000361 (0.00168)				
Left share					-0.00186 (0.00137)	-0.00170 (0.00120)	-0.000180 (0.00104)	0.00149 (0.00184)
N	544	544	544	544	544	544	544	544
R <sup>2</sup>	0.137704	0.069100	0.124681	0.057160	0.142268	0.072855	0.124672	0.058485

Note: Prais-Winsten regressions, PCSE in parentheses. \* p < 0.1, \*\* p < 0.05, \*\*\* p < 0.01. All models with country fixed effects. The balance is the net effect of *punitive* changes (coded -1 or -2) and *enabling* changes (coded 1 or 2).

**Table 2: No main effects of partisanship 1980-2015, controlling for unemployment**

	(1) total	(2) punitive	(3) enabling	(4) absolute	(5) total	(6) punitive	(7) enabling	(8) absolute
Right share	0.000414 (0.00133)	0.000371 (0.00111)	0.0000393 (0.000983)	-0.000345 (0.00168)				
Unemploy- ment rate	0.0233 (0.0233)	0.00495 (0.0233)	0.0183 (0.0164)	0.0134 (0.0341)	0.0208 (0.0229)	0.00249 (0.0231)	0.0182 (0.0165)	0.0157 (0.0341)
Left share					-0.00175 (0.00135)	-0.00169 (0.00119)	-0.0000796 (0.00104)	0.00158 (0.00184)
N	544	544	544	544	544	544	544	544
R <sup>2</sup>	0.139654	0.069139	0.127356	0.057495	0.143681	0.072830	0.127356	0.058948

**Table 4: No main effects of partisanship after 1997**

	(1) total	(2) punitive	(3) enabling	(4) absolute	(5) total	(6) punitive	(7) enabling	(8) absolute
Right share	-0.000541 (0.00220)	-0.00118 (0.00150)	0.000607 (0.00134)	0.00181 (0.00186)				
Left share					-0.000273 (0.00237)	0.000761 (0.00169)	-0.000986 (0.00149)	-0.00172 (0.00218)
N	272	272	272	272	272	272	272	272
R <sup>2</sup>	0.245483	0.145030	0.284528	0.162334	0.246298	0.143419	0.285664	0.160804

Note: Prais-Winsten regressions, PCSE in parentheses. \* p < 0.1, \*\* p < 0.05, \*\*\* p < 0.01. All models with country fixed effects. The balance is the net effect of *punitive* changes (coded -1 or -2) and *enabling* changes (coded 1 or 2).

**Table 5: No main effects of partisanship after 1997, controlling for unemployment**

	(1) total	(2) punitive	(3) enabling	(4) absolute	(5) total	(6) punitive	(7) enabling	(8) absolute
Right share	-0.000718 (0.00234)	-0.00145 (0.00158)	0.000693 (0.00137)	0.00215 (0.00187)				
Unemployment rate	-0.0280 (0.0569)	-0.0419 (0.0481)	0.0137 (0.0228)	0.0540 (0.0530)	-0.0258 (0.0539)	-0.0378 (0.0468)	0.0119 (0.0223)	0.0483 (0.0530)
Left share					-0.000244 (0.00239)	0.000799 (0.00171)	-0.000999 (0.00149)	-0.00177 (0.00220)
N	272	272	272	272	272	272	272	272
R <sup>2</sup>	0.247814	0.149771	0.284501	0.165676	0.248497	0.147215	0.285675	0.163192

Note: Prais-Winsten regressions, PCSE in parentheses. \* p < 0.1, \*\* p < 0.05, \*\*\* p < 0.01. All models with country fixed effects. The balance is the net effect of *punitive* changes (coded -1 or -2) and *enabling* changes (coded 1 or 2).

**Table 6: No main effect of RILE, with or without controlling for unemployment**

	(1) total	(2) punitive	(3) enabling	(4) absolute	(5) total	(6) punitive	(7) enabling	(8) absolute
RILE	0.00123 (0.00347)	0.00320 (0.00314)	-0.00194 (0.00252)	-0.00513 (0.00465)	0.000579 (0.00351)	0.00315 (0.00320)	-0.00255 (0.00251)	-0.00570 (0.00469)
Unemployment rate					0.0226 (0.0237)	0.00146 (0.0239)	0.0211 (0.0166)	0.0196 (0.0349)
N	541	541	541	541	541	541	541	541
R <sup>2</sup>	0.136888	0.072064	0.125698	0.060687	0.138499	0.072047	0.129124	0.061375

Note: Prais-Winsten regressions, PCSE in parentheses. \* p < 0.1, \*\* p < 0.05, \*\*\* p < 0.01. All models with country fixed effects. The balance is the net effect of *punitive* changes (coded -1 or -2) and *enabling* changes (coded 1 or 2).

**Table 7: Market ideology and workfare policy reform**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	total	punitive	enabling	absolute	total	punitive	enabling	absolute
Market ideology	0.000255 (0.0113)	0.0231** (0.00919)	-0.0228*** (0.00716)	-0.0459*** (0.0124)	-0.00196 (0.0114)	0.0237** (0.00958)	-0.0256*** (0.00721)	-0.0491*** (0.0130)
Unemployment rate					0.0242 (0.0237)	-0.00559 (0.0239)	0.0297* (0.0166)	0.0352 (0.0345)
N	541	541	541	541	541	541	541	541
R <sup>2</sup>	0.136496	0.082747	0.141319	0.082209	0.138414	0.083058	0.148418	0.084851

Note: Prais-Winsten regressions, PCSE in parentheses. \* p < 0.1, \*\* p < 0.05, \*\*\* p < 0.01. All models with country fixed effects. The balance is the net effect of *punitive* changes (coded -1 or -2) and *enabling* changes (coded 1 or 2).

**Table 8: Moral conservatism and workfare policy reform**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	total	punitive	enabling	absolute	total	punitive	enabling	absolute
Moral conservatism	-0.00126 (0.00866)	-0.0256*** (0.00801)	0.0241*** (0.00636)	0.0497*** (0.0118)	-0.000658 (0.00860)	-0.0256*** (0.00796)	0.0248*** (0.00632)	0.0504*** (0.0118)
Unemployment rate					0.0232 (0.0232)	-0.000202 (0.0222)	0.0232 (0.0157)	0.0234 (0.0315)
N	541	541	541	541	541	541	541	541
R <sup>2</sup>	0.136576	0.096010	0.159252	0.105891	0.138449	0.096011	0.163763	0.106892

Note: Prais-Winsten regressions, PCSE in parentheses. \* p < 0.1, \*\* p < 0.05, \*\*\* p < 0.01. All models with country fixed effects. The balance is the net effect of *punitive* changes (coded -1 or -2) and *enabling* changes (coded 1 or 2).

**Appendix 1: Examples, Source Files, Welfare Reform Act 2012 and Hartz IV**

Country	Germany	United Kingdom
Name of law/rule	<p>Viertes Gesetz für moderne Dienstleistungen am Arbeitsmarkt (G-SIG: 15019247)</p> <p>Known as: Hartz IV</p>	<p>Welfare Reform Act 2012</p> <p>An Act to make provision for universal credit and personal independence payment; to make other provision about social security and tax credits; to make provision about the functions of the registration service, child support maintenance and the use of jobcentres; to establish the Social Mobility and Child Poverty Commission and otherwise amend the Child Poverty Act 2010; and for connected purposes.</p>
Legislation date	24-12	08-03
Legislation year	2003	2012
Implementation date	01-01	29-04
Implementation year	2005	2013
Links to descriptions	<p>Bundestag - Law proposal:  <a href="http://dipbt.bundestag.de/doc/btd/15/015/1501516.pdf">http://dipbt.bundestag.de/doc/btd/15/015/1501516.pdf</a></p> <p>Bundestag - Law documentation:  <a href="http://pdok.bundestag.de/extrakt/ba/WP15/380/38052.html">http://pdok.bundestag.de/extrakt/ba/WP15/380/38052.html</a></p> <p>Gaskarth, Glyn (2014): The Hartz Reforms and their lessons for the UK. Centre for Policy Studies.  <a href="https://www.cps.org.uk/files/reports/original/141024133732-TheHartzReforms.pdf">https://www.cps.org.uk/files/reports/original/141024133732-TheHartzReforms.pdf</a></p> <p>Clasen, Jochen (2005): Reforming European Welfare States: Germany and the United Kingdom compared. Oxford University Press.</p> <p>Landeszentrale für politische Bildung:  <a href="https://www.lpb-bw.de/hartz_gesetze.html">https://www.lpb-bw.de/hartz_gesetze.html</a></p>	<p>Library of Congress:  <a href="https://www.loc.gov/law/help/welfare-reform/great-britain.php">https://www.loc.gov/law/help/welfare-reform/great-britain.php</a></p> <p>Beasor's guide:  <a href="http://www.egenda.stockton.gov.uk/aksstockton/images/att17425.pdf">http://www.egenda.stockton.gov.uk/aksstockton/images/att17425.pdf</a></p> <p>UK government - Law:  <a href="http://www.legislation.gov.uk/ukpga/2012/5/notes/contents">http://www.legislation.gov.uk/ukpga/2012/5/notes/contents</a></p>

<p>Content summary</p>	<p>This law merges ALH and SA into ALG II. Recipients of ALG II (mostly long-term unemployed and young unemployed) are required to participate in activation and accept any legal jobs offered (also community work and one-euro jobs).</p>	<p>Introduction of a new benefit, Universal Credit, and a 'claimant commitment' which will be a record of the 'work-related requirements' claimants are expected to meet in order to receive benefits. This 'claimant commitment' will affect basically all claimants on social security benefits.</p>
<p>Detailed content</p>	<p>The main provisions of Hartz IV are summarized below:</p> <ul style="list-style-type: none"> <li>- Unemployment benefits and welfare benefits were combined into one single, lower, means-tested payment named ALG II. Previously, unemployed German workers could receive half of their previous salary in benefits while they were out of work indefinitely. As a result, a majority of claimants relied on benefits that no longer reflected former earnings, but rather current needs and means.</li> <li>- ALG II and its requirements are especially aimed at long-term unemployed.</li> <li>- To be eligible for ALG II jobseekers have to: be at least age 15, but not older than age 65; be employable (able to work at least 3 hours a day); be needy (means of subsistence cannot be ensured by their own forces, particularly not by taking up reasonable work. This also means that some claimants with partners in work lose their eligibility to benefit assistance); and have ordinary residence in the Federal Republic of Germany.</li> <li>- To receive payment the claimant must sign a contract. This outlines what they are obliged to do to improve their job situation, as well as the help the state agreed to provide.</li> </ul>	<p>The Act introduces the Universal Credit (UC), which replaces the following means-tested benefits for working age claimants: working tax credit, child tax credit, housing benefit, Income Support, income-based JSA and income-related ESA. ESA and JSA will continue as contributory-based benefits. UC can be claimed by people who are in and out of work. The basic eligibility conditions for UC are that a claimant must be:</p> <ul style="list-style-type: none"> <li>- At least eighteen years old, and</li> <li>- Under the qualifying age for the state pension credit, and;</li> <li>- In Great Britain, and;</li> <li>- Not receiving education</li> </ul> <p>The Act also introduces a 'claimant commitment', which sets forth work-related requirements that claimants are expected to meet in order to receive their benefit. Essentially, individuals who are considered to be able to look for, or prepare for, work will be required to do so as a condition of receiving the benefit.</p> <p>The Act imposes work-related requirements on claimants, as follows:</p> <ul style="list-style-type: none"> <li>- No work-related requirements will be imposed on lone parents with a child aged under one, people with limited capability for work-related activity (those in the support group</li> </ul>

	<ul style="list-style-type: none"> <li>- New suitability criteria, where ALG II claimants in principle have to accept any legal job offered, even if it does not match their specifications or requires a change of location. They can be required to take on work that is in the general public interest, continuing the tradition whereby recipients of SA have always been legally required to work for social benefits.</li> <li>- Moreover, stronger activation obligations are imposed on this group of claimants. Because of the merging of SA and ALH, this group of claimants also consists of 'employable people', which is an extension of the category of people subjected to activation. Recall that activation is not mandatory for recipients of ALG I.</li> <li>- A new programme for getting the unemployed into the nonprivate work sector was introduced. Known as one-euro jobs, they paid €1 an hour for work in the public interest, and the recipient retains their ALG II. The BA can offer the one-euro jobs to the unemployed and can reduce their benefits if claimants refuse to do them.</li> <li>- Young unemployed persons (under 25) are only eligible for ALG II if they accept offers of training, suitable employment, or other job integration measures.</li> </ul>	<p>for ESA); and carers with substantial caring responsibilities for a severely disabled person</p> <ul style="list-style-type: none"> <li>- Work-focused interview requirement only will be imposed on lone parents with a child aged one or two.</li> <li>- Work preparation requirements will be imposed on people with limited capability for work (those in the work-related activity group for ESA), and lone parents with a child aged three or four.</li> <li>- All work-related requirements will be imposed on everyone else including lone parents with a child aged five or more.</li> </ul> <p>The 'claimant commitment' will be introduced across UC, ESA, JSA and IS (for people claiming JSA the 'claimant commitment' replaces the jobseeker's agreement). There will be financial sanctions if claimants fail to meet the requirements in the commitment.</p> <p>Note: The Act provides both a framework and the authority for secondary legislation to be introduced to address the specific and technical requirements necessary to implement the reform of welfare benefits.</p>
<p>Code: -2, -1, 0, 1, 2</p> <p><i>[-2: substantive new duties/obligations -1: some new duties 0: no change really 1: policy reversals or clear emphasis on qualification and enablement of jobseekers (= rights) 2: as 1, but more so]</i></p>	<p>(-2)</p>	<p>(-2)</p>



<p>Comments Justifying the Code</p>	<p>Hartz IV is a clear example of workfare policy. Recipients of the new benefit, ALG II, are required to accept any job or training offers from the BA. This means that jobseekers can be obliged to work for their welfare by participating in community work or accepting one-euro jobs (which are not permanent jobs). Furthermore, young unemployed persons can only receive ALG II if they accept all training/jobs offered by the BA. The introduction of new duties in this law therefore implies a substantial policy change.</p>	<p>This Act introduces a substantial policy change regarding work-related activities. Lone parents are required to participate in activities depending on the age of their youngest child, which means that many parents will face more obligations due to this Act.</p> <p>Furthermore, claimants are obliged to meet the requirements in their claimant commitment regardless of which benefit they receive (though of course not carers, people in the support group, etc.).</p>
<p>Subgroup</p>	<p>No</p>	<p>No</p>
<p>Specific Subgroup</p>		
<p>Specificity</p> <p><i>[High: existing rules or laws are specified/become more specific (for instance, if a rule or law specifies the implementation of existing rules or laws)</i> OR <i>Low: a general change to the benefits framework (e.g., people now have to work for welfare)]</i></p>	<p>Low</p>	<p>Low</p>
<p>Additional Justifications Required?</p>	<p>The law amends the SGB III, which would justify a high specificity (as in the case of Hartz III). However, the merging of two benefit systems involves a new approach and a new way of thinking, which justifies a low specificity.</p>	