

A CRITICAL APPRAISAL OF THE US WORKFARE PROGRAM : POLICY IMPLICATIONS FOR THE KOREAN PUBLIC ASSISTANCE PROGRAM

Jae-jin Yang*

Abstract: This study aims to understand the nature of *workfare*, a keyword in recent debates on social welfare reform. Workfare, or a work requirement for receiving public assistance benefit, is understood as a concept containing neoliberal ideas in the restructuring of the welfare state. However, different people interpret the concept differently. Liberal or leftwing intellectuals regard it as a means to empower the poor (i.e. rehabilitative-empowering workfare), while conservative or rightwing forces seek to use it as a stick to lower the number of people on welfare (i.e. deterrent workfare). As the political right surge in the political society, the nature of workfare programs tend to slip into deterrent workfare in the US, culminating in the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996. This study assesses the new law and seeks to understand the Korean public assistance program (i.e. the National Basic Livelihood Security Scheme, NBLSS) in light of the US experience. It argues that the workfare element of the NBLSS is less deterrent than the US PRWORA, and thus that empowering workfare is a viable option in the development of the Korean public assistance programs.

INTRODUCTION

The election of Reagan in the USA and Thatcher in the UK provided the first governments determined to implement the New Right approach in dealing with the economy and the welfare state. Whether it is a Democratic government or Republican government, Labor or Conservative, socialist or Christian democratic, The New Right approach has virtually dominated policy arena worldwide. The commitment to full employment has been abandoned, concern with income and wealth inequality has been cast aside, and such ideas as freedom, self-reliance, family value, and small government have become dominant in public discourse (Taylor-Gooby: 1991; C. Pierson, 1991).

Among other things, the retrenchment of the welfare state is the foremost and necessary condition for the completion of the New Right project. In the US, where individualism and market

liberalism has been long entrenched, New Right's challenge to the welfare state has been highly successful. Along with the significant shift of responsibility and authority over social welfare policies from Washington to state governments, we now observe a revival of the Poor Law of 1601, an old attempt to set work requirement in return for public assistance.

In this century, the linking of benefits for the poor to a work requirement appeared to have been abandoned decisively. It was unacceptable in terms of humanitarian concern and social right. But now most American intellectuals, as well as politicians, endorse the need for a work requirement, or *workfare*. They see work both as educative and as a prerequisite for genuine citizenship. Bipartisan support for the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 initiated and signed by a Democratic president, Bill Clinton, highlights the turn of political and intellectual climate toward workfare (Blank and Haskins, 2001).

* Postdoctoral Fellow, GSPA, Seoul National University.

However, a mere concept of “workfare” does not tell much. It is conceptually neutral. Thus, in the real political arena, it can be either a variant of traditional egalitarian welfarism or a new expression of market superiority. That is why there is never-ending criticism of workfare policies despite a broad consensus that workfare is a step in the right direction. In order to understand this seemingly contradictory unfolding, we need to distinguish between *rehabilitative* workfare and *deterrent* workfare at the level of policy implementation.

This paper will argue that workfare policies aimed at cost reduction and penalty for fraud is a new way of reaffirmation of the New Right's idea, and the PRWORA contains many aspects of it, and thus that welfare reform provokes opposition from even those who support the main cause of it. In Korea, the National Basic Livelihood Security Act (NBLSA) implemented in 2000 under the Kim Dae Jung government is regarded as a revolutionary breakthrough in Korean social welfare development (Y. Kim, 2001). However, this study will argue that the NBLSA also contains workfare elements and that the Korean workfare programs will remain closer to the US-style deterrent workfare without substantial budget increase in supportive measures for the unemployed poor.

The main body of this essay is composed of three parts. The first part reviews classical debate between traditional left and right over the welfare state and workfare. The second section deals with contemporary debate on welfare, dependency, and workfare especially in the American context. It will be pointed out that liberals and conservatives have reached a near consensus that workfare is a necessary step to help the poor out of their misery, but that they disagree over how it should be done. This section also provides comparison between rehabilitative-empowering workfare and deterrent workfare. The last section concludes by presenting some policy implications for the improvement of the NBLSA in Korea.

THE ORIGIN OF WORKFARE AND TWO CONTENDING VIEWS

No area of the welfare state has provoked so persistent controversy as have programs providing income support for the able-bodied poor. The controversy stems largely from these program's interference with what is both a strong cultural expectation and a fundamental aspect of market-oriented economies: that is, whenever possible, potential workers should support themselves by earning a wage. Disputes over income-maintenance programs had been highly partisan and severe before the advent of the welfare state crisis. This section deals with this dispute with a short history of early attempts to establish workfare-based public assistance programs.

The Origin of Workfare

Workfare as the policy of a nation dates from the Elizabethan Poor Law of 1601 in England. The law was passed mostly as a means of controlling those poor who were unable to locate employment in the new industrial economy and who might cause disruption. Rules were harsh. Children whose parents were unable to support them faced apprenticeship. Able-bodied men dared not consider remaining idle. Distinguishing the deserving from the undeserving poor was an important part of the Elizabethan Law. The undeserving poor were sent to workhouse, where they were forced to do menial work such as preparing flax, hemp, wool, and cotton for weaving in return for only the barest of life's necessities. Many similar endeavors followed throughout Europe as workhouses were established where poor people worked off the public aid they received. These institutions spread to the US during the eighteenth century. In 1789, for example, Alexander Hamilton organized the New York Manufacturing Society for the purpose of having persons work in exchange for public assistance

(Goodwin, 1981; DiNitto, 1995).

By 1820, however, the effort turned out to be economically infeasible and collapsed: the workhouses proved unable to maintain themselves economically and failed to lower welfare rolls or costs. Continued nonetheless in the hope of deterring other people from going on welfare in the first place, workhouses became places of horror where the indigent, aged, sick, and mentally incompetent were thrown together in unsanitary conditions. Workhouses now have disappeared because they proved morally inhumane, economically costly, and politically unpopular (Goodwin, 1981; DiNitto, 1995).

The basic tenets that generated them, however, have gone through modern history, provoking debates between the left and the right.

The Left's View

The political left has been critical of requiring work in return for income-maintenance provisions. We need to sketch the left's value assumptions about welfare in order to understand their reluctance to workfare. They are twofold.

First, markets, left to their own devices, produce social injustice. The distributive outcomes of free markets would lead to wide discrepancies in income and wealth and these are, in themselves, an unacceptable injustice. It can be corrected only by welfare programs, which seek to promote social justice between classes in society. Secondly, their concept of freedom is based not only on *negative* freedom but also on *positive* freedom.¹⁾ Poverty restricts freedom. Without welfare, the poorest members of society would have their freedom limited by their poverty. Since a free market

produces poverty, the poor have to look to welfare to secure basic freedoms which would be limited by poverty (Spicker, 1988: Ch.4; Hoover and Pland, 1989: 45~49).

Based on these assumptions, the left views workfare as unfair, both because it relies on the idea that poverty is an individual's responsibility, not inevitable market consequences and because work requirements limit the recipient's freedom. Therefore, they argue for an obligation-free welfare provision as a social right (Marshall and Bottomore, 1991). They hold that the citizen of modern society has a social right, which comprises a modicum of economic welfare and security and the right to share to the full extent in the social heritage and life of a civilized being according to the standards prevailing in the society. For them, citizenship as a form of equality of status as a member of the modern nation-state depends on the realization of social rights as well as civil and political rights (Mishra, 1981: Ch.2).²⁾

In the U.S., the welfare rights movement in the wake of the civil rights movements in the 1960s reflected the surge of intellectual advocacy of the social right. Black and other poor Americans expressed their dissatisfaction with a political system that had denied them the standard of living that other Americans were enjoying. As the number of disturbances in major cities increased, so did the number of people applying for welfare and the percentage of welfare applications approved (DiNitto, 1995: 27). Furthermore, the welfare rights movement brought changes in the behavior and attitudes of welfare recipients. Piven and Cloward (1991) observed that the mood of applicants in welfare waiting rooms had changed. They were no longer as humble, as self-effacing, and as pleading as before. The mood of welfare administrators and

1) The concept of negative freedom refers to the absence of coercion, and positive freedom refers to power to act as one chooses. The latter implies, not just the absence of constraint, but the capacity to act. For details with respect to social welfare, see Paul Spicker (1988: Ch.4).

2) Here, civil rights refer broadly to guarantees of individual liberty and equality before the law. And, the political right concerns political enfranchisement: the right to vote and to seek political office.

caseworkers had also changed. Welfare was no longer a charity on the part of givers, nor a shame on the part of recipients. It began to be considered as citizen's right.

As such, during the Great Society periods welfare programs emphasized the social right over the obligations of citizen. Amid this evolution of rights from civil, political to social rights, *workfare* became an idea inconceivable in modern advanced societies.

The Right's View

During the heyday of the welfare state, it was hard to hear the political right's direct remarks about workfare. Workfare is a minor issue when compared with more fundamental issues such as the market vs. the government and freedom vs. equality. Nonetheless, we can presume from the right's philosophy that they would be the last person to endorse workfare. It is not because they do not believe in social rights, but because they believe in omnipotence of the market and in an exclusion of the government from the sphere of individual life and welfare.

In the classical liberal view of Friedman (1982) and Hayek (1944), the market is conceived as the best mechanisms through which individuals can maximize their well-being by efficient allocation of resources. It is also given full credit as a guarantor of freedom. If this characterization of markets is combined with a *negative* view of liberty,³⁾ then it follows that the state should refrain from being involved in any attempts at redistribution and related coercive constraints imposed on both the rich and the poor.

For humanitarian reasons, public relief could be given to the poor. But the form of relief should be financial, since cash enables individuals who receive it to function as consumers in the market, and thereby to secure their freedom unfringed

(Deakin, 1994). This is why Friedman has been a life-long proponent of Negative Income Tax as a form of cash relief.⁴⁾ And, the principle of free labor calls for nonintervention by the government in the labor market. This is why the Tories have long been opposed to workfare which might ultimately requires the state to act as employer of last resort (*Economist*, August 3, 1996). Anti-paternalistic concerns also would prevent classical liberals from approving the idea of workfare since they believe that any governmental attempts at correcting idleness or work-ethic run against the sanctity of individual freedom. Friedman (1982: 188) wrote:

Those of us who believe in freedom must believe also in the freedom of individuals to make their own mistakes. If a man knowingly prefers to live for today, to use his resources for current enjoyment.....by what right do we prevent him from doing so? We may argue with him, seek to persuade him that he is wrong, but *are we entitled to use coercion to prevent him from doing what he chooses to do?* (emphasis added).

Here it must be noted that he would be opposed to the idea of workfare because of worry over paternalism. The government presented by such classical liberals as Friedman and Hayek is described as lacking the capacity to involve itself with moral questions as well as distributive ones. At this point, there arises a tension with another stream of the right: Burkean traditionalists.

For traditionalists, society is an interdependent web of relations of obligation and authority based on custom and faith. While the classical liberals

3) For definition, refer to note 1.

4) In this scheme, most citizens would continue to pay taxes, but those at the lower end of the income scale would receive payments or negative income taxes. Checks could be mailed through the U.S. Treasury Department as income tax refunds are today. Since welfare applications, means tests and other eligibility procedures would be eliminated, much of the welfare bureaucracy would be reduced. See Friedman (1982, Ch. 12).

preferred to see the minimalist state wherever and whenever possible, traditionalists retained a belief in using authoritative institutions to secure social and moral ends. Therefore, from the traditionalists' point of view, it is required of the state to cultivate in the "nondeserving" poor's mind Victorian values of self-reliance and independence (Hoover and Plant, 1989). In a modern concept, workfare policies assume that the state has a role in developing individual virtues in welfare recipients. Certainly, a state which gears its policies to the maintenance of certain virtues will be a long way from the limited government championed by classical liberals. Yet, the state is the last resort to maintain social and moral ends of the community for traditionalists.

Neither approach had been influential in real politics during the heyday of the welfare state. However, as the welfare state crisis has deepened since the early 1970s, they have come to the fore as an alternative to the frayed postwar consensus. At last, the issue of workfare has surfaced again at the core of the welfare state reform in the U.S. under the conservative political leadership of Reagan and Bush.

WELFARE DEPENDENCY AND TWO VISIONS OF WORKFARE

As the poverty rate did not diminish despite massive governmental assistance during and after the War on Poverty, a great deal of attention has been given to the idea that much of today's poverty is a direct result of social policies and programs. In theory, a near consensus seemed to be reached between liberals⁵⁾ and conservatives⁶⁾ on the need

for workfare as a way to cut off the vicious cycle of dependency and poverty. In practice, however, their prescriptions revealed traditional ideological differences between the two camps in the degree of egalitarian commitment and the role of government.

Put roughly, the period from the 1960s to the 1980s observed changes in the nature of workfare programs: from a 'rehabilitative-empowering' workfare to a 'deterrent' neo-classical one, reflecting changes in political power from liberal Democrats to conservative Republicans. In the 1990s, this right turn of policy direction culminated in the enactment of the PRWORA and its Temporary Assistance for Needy Families (TANF) block grant in 1996.

Welfare, Dependency, and Poverty

The Great Depression of the late 1920s and 1930s made people realize that poverty could befall almost anyone. The solution was government intervention to reduce poverty and create more opportunities for the disadvantaged. The vision of the New Deal and the War on Poverty mirrored such prevailing ideas of the day. But, the number of the impoverished did not decrease despite the growth of welfare programs and spending. Worse is the fact that *latent* poverty (i.e. pre-transfer poverty rate) is much higher than *official* poverty⁷⁾.

Throughout the period of 1967~1990, official poverty stood around 13 percent. However, latent poverty steadily increased after 1968, reaching almost 25 percent of the population by the

5) The notion of liberals refer to those who follow the basic tenets of the left ideology in an American context. In this study, they are proponents of the welfare state, believing in more government action to meet individual needs.

6) The term, conservatives, is used in an American context, to comprise the two streams of the right

illustrated in the previous section: classical liberals (or, individualists, marketeers, libertarians, and the like) and Burkean traditionalists.

7) Official poverty is the amount of poverty measured by the U.S. government's poverty level calculations. Latent poverty refers to poverty which would have been in the absence of all governmental cash transfers and public assistance (welfare) payments. The concepts stem from Murray (1984).

mid-1980s. The War on Poverty was supposed to make people economically self-sufficient and get them off welfare forever. But the unfortunate situation was that these programs actually increased the dependency on welfare (Danziger and Weinberg, 1994).

A variety of alternatives were presented. They ranged from a drastic measure requiring an end to all existing federal social welfare programs for working age people to a status quo approach arguing that the real problem was a lack of opportunities, and thus that any attempts to retrench the existing system was to make things worse (Piven and Cloward, 1987).

Nonetheless, the mainstream argument was that the government provision of welfare was counter-productive, because welfare had generated dependency among its clientele. Thus, workfare would be a necessary measure to cure this negative consequence of welfare. Lawrence M. Mead (1986: 3 ~ 13) eloquently articulates,

Washington does give too much to the poor-- in the sense of benefits given as entitlements. It also gives too little-- in the sense of meaningful obligations to go along with the benefits..... The main problem with the welfare state is not size but its permissiveness, a characteristic that both liberals and conservatives seem to take for granted..... *The main impediments to a more equal society were now the functioning difficulties of the remaining poor themselves.... Those problems government cannot solve without setting some behavioral standards for its dependents* (emphasis added).

In Mead's argument, we observe a resurrection of the Victorian idea of the 'workhouse' in a modern fashion. *Free* entitlement based on the notion of social rights has given to *workfare*, a policy of proving support to able-bodied citizens on the condition that they agree to accept a job or training for a job.⁸⁾ This conception of workfare drew broad intellectual and political support to such an extent

that Bill Clinton, a Democratic president, emphasized in one of his addresses:

a long time ago I concluded that the current welfare system undermines the basic values of work, responsibility and family, trapping generation after generation in dependency.... Today we have a historic opportunity to make welfare what it was meant to be: a second chance, not a way of life (Time, August 12, 1996).

As for both the political right and left, work has come to be conceived of as a natural and crucial step on a trajectory leading from welfare.

Two Visions of Workfare

The proponents of workfare envision i) that work requirements will help welfare recipients gain a sense of responsibility for work and necessary skills, ii) that this will break poverty cycles, iii) that it will reduce workfare spending as welfare rolls decreases, and iv) that it will enhance citizenship of the poor as 'stigma' attached to welfare fades and American public recognizes that the poor have earned their benefits (Haskins and Blank, 2001; Germanis, 1992).

No matter how consensual on the need for workfare and on the basic vision, there still remains major differences between liberals and conservatives as to what is the ultimate goal of workfare and how to achieve it. It can be categorized into two main streams: the liberal vision of "rehabilitative-

8) Equally important, at the heart of 'modern' conception of workfare is an assumption about citizenship as mutual responsibility. Mead (1986: 12 ~ 13) also writes that "[a]ll competent adults are supposed to work....., just as everyone is supposed to pay taxes or obey the law, without regard to income or social position..... The novelty of an authoritative social policy would be to enforce social obligations, at least for the dependent, just as political obligations are enforced for the population in general. To obligate the dependent as others are obliged is essential to equality, not opposed to it. *An effective welfare must include recipients in the common obligations of citizens rather than exclude them*" (emphasis added).

empowering” workfare and the conservative conception of deterrent-negative workfare.

Liberal⁹⁾ Vision of Rehabilitative-Empowering Workfare

Liberal vision of workfare is well expressed in what Gutmann and Thompson call *fair workfare* (Gutmann and Thompson, 1996). Fair workfare takes citizen’s responsibility seriously as a requirement in welfare reform. It is grounded on a value of mutual dependence which is implied by reciprocity. Thus, the obligations of welfare should be mutual. Citizens, who need income support, are obligated to work. But, it is so only if their fellow citizens fulfill their obligation to enact public policies that provide adequate employment and child support (Gutmann and Thompson, 1996: 276). Moreover, they hold that [s]ome basic income support is necessary to enable citizens to participate in politics, and more generally make effective use of their political liberties (Gutmann and Thompson, 1996: 277).

In short, workfare should not function as a deterrent to welfare or a penalty for an inappropriate work-ethic. It should be conceived of as a way of empowering people to become a full citizen. And, to stress workfare should not be to reduce welfare.¹⁰⁾ Also, workfare programs must be designed not to force, but to induce those in assistance to voluntarily choose workfare programs in order not to infringe upon individual liberties. In Fullinwider’s language, we should pursue a “liberal” view of democratic citizenship rather than a “martial” view of democratic citizenship (Fullinwider, 1988).

9) The term used here, “liberal”, is not equivalent to Democrats in Congress. Here, liberal means one who believes in more government action to meet individual needs, ensuring individual liberties.

10) This approach is espoused also in J. Donald Moon, “The Moral Basis of the Democratic Welfare State” in Amy Gutmann, ed., *Democracy and the Welfare State*, Princeton: Princeton UP, 1988.

In order to help citizens in need escape welfare trap, such liberal vision requires a heavy investment in training and counseling, along with efforts to make jobs available and attractive. As P. Pierson (1994: 123) rightly points out, it creates “new liberal demands for program expansion.”¹¹⁾ It requires not only that counseling and vocational training be available to the unemployed poor, but also that day care and health care be available to the working poor. It also means that wages needs to produce incomes at least near the poverty line, which would require a higher minimum wage and/or some kind of wage subsidy.¹²⁾ As a result, although analyses suggested that these workfare plans might well be cost-effective in the long run, they increased short-term expenses (Greenstein and Guyer, 2001; Ameson, 1990).

Programs in Place

Two programs are representative of this vision. The first large-scale approach at rehabilitating people in order to get them off welfare came in the form of the 1962 social service amendments to the Social Security Act. This approach was designed to reduce poverty by treating personal and social problems rather than by requiring work obligations. It was a extensive program in terms of program, finance, and personnel. Services included counseling, vocational training, child management training, family planning services, and legal services. The state found a bonus in providing social services to AFDC and other public assistance recipients: for every dollar spent by the states, the federal government matched it with three more dollars, far more lucrative than the reimbursement formula for AFDC cash payments. To ensure the

11) Paul Pierson, *Dismantling the Welfare State?: Reagan, Thatcher, and the Politics of Retrenchment*, New York: Cambridge UP, 1994, p.123.

12) Arneson (1990) goes further to maintain that providing employment opportunities as an in-kind aid should replace existing welfare system.

success of the social service amendments, worker caseloads were to be small: no more than sixty clients (DiNitto, 1995: 178~9).

However, as AFDC continued to climb despite such endeavor, enthusiasm for the rehabilitative-empowering approach had faded at the federal level. The program was, therefore, replaced with the 1967 Work Incentive Now (WIN) program which introduced work requirements for unemployed fathers on AFDC as well as for mothers and some teenagers. At the state level, Massachusetts Employment and Training Program (ET) contains some of the rehabilitative-empowering features. ET is also a *voluntary* program and participants can choose between career counseling, education and training, on-the-job training, and job placement. Participants in training get day care services for a year, and their Medicaid benefits are assured for fifteen months (DiNitto, 1995: 182~183).

To date, ET has been reviewed as successful. However, it is hard to project its future, because without intensive long-term efforts, results will likely remain modest given that cultural change demands a long time. An unfortunate situation, however, is that this policy environment is becoming unfavorable for rehabilitative-empowering model since the growth of the New Right political forces. Since the Reagan administration, federal responsibilities for income-support programs have been handed down to state governments. Now each state can implement experiments of its own without federal constraints. Thus, hypothetically, it is possible to have programs embracing rehabilitative features in some states and programs containing deterrent nature elsewhere. In the long run, however, a decentralized state welfare system is highly likely to lead state governments not to adopt an extensive and permissive style, largely due to the "fiscal competition between states": states are reluctant to raise benefits, fearing that this will produce an influx of the impoverished and an exit by businesses seeking lower tax rates

(Schram and Beer, 1999). Accordingly, it will be hard to see rehabilitative-empowering programs burgeoning as a modal workfare in the near future.

Conservative Vision of Deterrent-Negative Workfare

Conservatives have never intended workfare to cost more money. Even though it was conservatives who threw lights on the malfunctioning welfare system and the need for a government role in workfare, they had fallen short of maintaining the existing welfare programs and spending let alone expanding them. Although they actively involved themselves in value issues like work ethic, they believed that it should be resolved by rolling back traditional virtues enshrined in the minimalist state and/or community, not by enlarging the welfare state. Moreover, especially for marketeers, the market is believed to be best suited to educate non-deserving poor. What the state is supposed to do is, at best, to alleviate harshness of the transition period from welfare to work via workfare. Moreover, when it is combined with conservative economic vision of monetary and fiscal restraint, workfare becomes 'sticks' to deter potential welfare recipients rather than 'carrots' to provide more resources for them (Finn, 1995; Hoover and Plant, 1989).¹³⁾

Therefore, King and Ward (1992) conclude that workfare programs are intended to overcome problems of free-riding and false claiming, viewed by the New Right, as inherent in state-administered benefit systems. In a similar vein, P. Pierson (1994) holds that workfare is mere a political strategy to retrench the welfare state by conservatives, taking advantage of the resentment that working people

13) For detailed analyses of the New Right's philosophy on workfare, see Kenneth Hoover and Raymond Plant, *Conservative Capitalism in Britain and 1989* and Dan Finn, "The Job Seeker's Allowance--Workfare and the Stricter Benefit Regime", *Capital & Class*, No.57, Autumn 1995.

feel toward those who receive public benefits. In short, workfare is championed by conservatives due to its deterrent effects that eliminate welfare recipients who either refuse to participate or have another source of employment which prevents them from doing so.

The liberal's primary vision of empowering those on welfare to be good citizens is barely seen in the conservatives' agenda. This may be one of positive additional consequences of workfare programs and, to be sure, it must be welcomed. But, for conservatives, it does not constitute direct and primary objectives of workfare programs.

Programs in Place

Logically, for government to reduce welfare expenditure, two conditions must be met: maximizing participants in workfare programs and minimizing job-assistance-services costs. This strategy of workfare is evident in Job Opportunities and Basic Skill (JOBS) programs. JOBS was intended to be a new social contract between government and welfare recipients, changing AFDC from a cash assistance program to a work-related program. It replaced the WIN program. In principle, JOBS offers basic education: job skills and readiness training, job development, search, and placement, supportive services, on-the-job training, and community work experience. However, it does so only in areas where it is feasible.

Most states assigned *case managers* to see that clients received services and that they participated in the program. There is, however, "a substantial difference between JOBS case managers who simply monitor program compliance and social workers or other human service professionals who provide complete assessments and ensure that clients receive an appropriate array of services" (DiNitto, 1995: 184). Work was mandatory. One parent in the AFDC-UP (unemployed parent) programs was generally required to work a minimum of sixteen hours per week in a public- or

private-sector job. The federal government increased pressures on states to assure that specific quotas of families were meeting work requirements. If not, they would be faced with reduced federal matching funds for AFDC.¹⁴⁾ Federal matching funds for JOBS were set at \$1.3 billion for the 1995 fiscal year and reduced to \$1 billion thereafter. States could draw 90 percent matching funds for many services, but many had not drawn their full allotment, claiming that state budgets were too tight.

The PRWORA of the Clinton Administration¹⁵⁾ has gone further, making real the idea that ending welfare payments will force those on welfare to find a job and save taxpayer's money. Under the new law, welfare recipients must begin working within two years of receiving aid or have their benefits reduced. Lifetime federal cash assistance must not exceed five years. Able-bodied adults must work or their food stamps will be terminated. Rather than invest another \$10 billion in America's welfare program, which the Clinton administration pledged in 1994, the law cuts nearly \$55 billion in federal dollars over the next six years (Gais et al., 2001).

As discussed before, moving people off welfare demands large investments in training, education, and job creation. But federal funding falls about \$12 billion short of what will be needed over the next six years after its implementation to meet the work requirements of the new law. Under the

14) For example, in 1995, 20 percent of AFDC families that were not exempt from work requirements (due to illness, age, or dependent care responsibilities) were required to participate in JOBS in any month. By 1995, 50 percent of AFDC-UP families must be working at least sixteen hours per week, and by 1997, 75 percent. For details, see Hagen and Lurie (1992).

15) Precisely speaking, the PRWORA was espoused and passed by Republican-controlled Congress in January 1996. After vetoed twice by Democratic president Bill Clinton, it was signed into a law in Summer 1996.

PRWORA, states receive a fixed sum from the federal government regardless of the number of recipients. Over the next six years, this cost-saving measure will cut by one-third the total amount of federal funding that would have been used to support state welfare programs under the old law. Also, federal government permits states to cut their own welfare spending up to 25 percent without suffering any federal penalty (Gais et al, 2001). It creates an open invitation to take money out of their welfare programs. Not all states will bend to this temptation, but many will. As the logic of fiscal competition between states implies, states under competitive pressure are likely to lower taxes and cut welfare benefits.¹⁶⁾ Especially so will states experiencing economic recession.

CONCLUSION: POLICY IMPLICATIONS FOR THE KOREAN NBLSS

The National Basic Livelihood Security Scheme (NBLSS) in Korea

In Korea, after the 1997 economic crisis, the Kim Dae Jung government expanded the coverage of four major social insurance schemes (pension, health, work injury, and unemployment) to the informal sector workers. A visible change is also seen in the field of public assistance, a breakthrough to guarantee a national minimum standard of living as a social right.

The four social insurance schemes generally base eligibility on the length of periodic payments. Although redistributive function is built-in in the case of health insurance and national pension, the

amount of pensions (long-term payments) and other periodic payments (short-term) in the event of unemployment, sickness, or work injury is usually tied to the level of earnings. Thus, they are insufficient and inefficient social safety nets for urban and rural marginals and those without work capacity. In order to deal with the lacunae, the Kim Dae Jung government renovated public assistance programs through the enactment of the National Basic Livelihood Security Act (NBLSA) in August 1999.

From October 2000, the government began to ensure that basic needs, including food, clothing, housing, education, and healthcare, are met for all people living below minimum living standards. Under the old scheme, the allowances were not available to households including at least one person aged between 18 and 64 who is deemed capable of working, even if their incomes are less than the minimum cost of living. Now the needy receive monthly benefits from the government equivalent to the difference between their real income and the minimum cost of living. It marks a radical departure from the previous Elizabethan-Poor-Law style public assistance program, which distinguishes the deserving from the non-deserving poor and protects only the former. The number of people receiving government allowances for livelihood assistance tripled to 1.52 million from the previous level of 0.54 million (Moon and Yang, 2001).

At a Crossroads: Rehabilitative-Empowering Workfare or Deterrent workfare?

The social welfare system prior to the Kim Dae Jung government was reminiscent of the 19th century night watch state where a maximal individual safety net and a minimal state commitment was emphasized. The dominant social paradigm of economic growth, high employment, and individual self-reliance pacified popular discontents by serving the hegemonic ideology during the period

16) In the past, there was a penalty for reduction: if states reduced such spending, they lost as much or more in federal support. Refer to Poole (1996). For detailed account of the welfare reform, also see Blank and Haskins (2001), Keigher (1996), Baratz and Sammis (1996).

of the developmental state in Korea. It is, therefore, quite remarkable for the Kim Dae Jung government to make such a strong welfare drive by overcoming the ideological, institutional, and political legacies of the developmental state. The NBLSS is quoted as the exemplar of pro-welfarism of the Kim Dae Jung government.

Nonetheless, the assessment of the NBLSS still remains muted, because the NBLSA requires the able-bodied recipients to continue to seek or train for jobs as a condition for benefits. In a word, workfare elements are built into the new scheme as in the US PRWORA, and this makes it hard for pro-welfarists to give full support to the new scheme. Therefore, Cho (2001) argues that the NBLSS is an exemplar of the neoliberal social welfare program equivalent to the US system, contrary to the conventional wisdom that the NBLSA is a revolutionary breakthrough in the development of the Korean welfare state.

Indeed, the clauses on conditional recipients were inserted in the NBLSA because of questions raised by free market proponents in economic bureaucracies (e.g. the Ministry of Planning and Budget), who were concerned with the diffusion of welfare dependency and the rapid increase of the social assistance budget. Therefore, it is fair to see the work-related conditionality as a neoliberal conservative element. But, the workfare conditionality of Korean NBLSS is much less comprehensive and prohibitive, compared to the US PRWORA which requires that all welfare recipients enter the workfare within two years and end assistance within five years. Also it should be noted that only about 3 percent of 1.5 million recipients are affected by the workfare program and the other 97 percent are condition-free beneficiaries.

In this sense, it would be fair to say that workfare in the NBLSS has only a weak connotation of personal responsibility toward poverty and is not a core element of the new public assistance scheme (Y. Kim, 2001). However, it would also be fair to

say that the NBLSS is far from being rehabilitative-empowering, if not deterrent. As mentioned before, the empowering version of workfare is a much costlier program than the "old" public assistance scheme of simple cash transfer. In Korea, however, the empowering workfare program is marginalized and its budget including support for self-help programs and job training accounts for only six percent of the total NBLSS budget.

It may be too soon to assess the NBLSS, since it is now only a one and half year old program. But what is clear is that the nature of the Korean workfare is neither deterrent nor empowering. In other words, the Korean NBLSS is at a crossroads in its development. Which way will the NBLSS take, the rehabilitative-empowering route or the deterrent route?

It is not easy to foresee the future. However, one thing clear is that empowering vision is a viable option in Korea, since the NBLSS is proposed and espoused by pro-welfare civic movement groups such as the People's Solidarity for Participatory Democracy and implemented under the center-left Kim Dae Jung government. This led to the fact that the social right consideration was very strong in its design of the Korean NBLSA. Therefore, the NBLSS is by nature more easily reconcilable with empowering workfare programs than the US PRWORA. The current debate over the characterization of the NBLSA now should evolve into a more constructive debate on how to lead the NBLSS to be closer to the empowering vision.

Bibliography

- Arneson, Richard J. 1990. Is Work Special?: Justice and the Distribution of Employment. *American Political Science Review* 84(4): 1127~1147.
- Baratz, Morton S. and Sammis B. 1996. White, Childfare: A New Direction for Welfare Reform, *Urban Studies* 33(10).

- Blank, Rebecca and Ron Haskins. 2001. *The New World of Welfare* (eds.). Washington D.C.: Brookings Institution Press.
- Cho, Young-hoon. 2001. Social Welfare Policies Capped in Neoliberalism (in Korean), Paper presented at the annual conference of Korean Social Security Association. December 8, 2001. Ewha Womans University, Seoul.
- Danziger, Sheldon H. and Daniel H. Weinberg. 1994. The Historical Record: Trends in Family Income, Inequality, and Poverty in Sheldon H. Danziger, Gary D. Sandefur, and Daniel H. Weinberg, (eds.). *Confronting Poverty: Prescriptions for Change*. Cambridge: Harvard University Press.
- Deakin, Nicholas. 1994. *The Politics of Welfare: Continuities and Change*. New York: Harvester Wheatsheaf.
- DiNitto, Diana M. 1995. *Social Welfare: politics and public policy*. Englewood Cliffs: Prentice Hall.
- Finn, Dan. 1995. The Job Seeker's Allowance-Workfare and the Stricter Benefit Regime. *Capital & Class* 57 (Autumn).
- Friedman, Milton. 1982. *Capitalism and Freedom*. Chicago: The University of Chicago Press.
- Fullinwider, Robert. 1988. Citizenship and Welfare in Amy Gutmann (ed.). *Democracy and the Welfare State*. Princeton: Princeton University Press.
- Gais, Thomas, Richard Nathan, Irene Lurie, and Thomas Kaplan. 2001. Implementation of the Personal Responsibility Act of 1996 in Rebecca Blank and Ron Haskins (eds.). 2001. *The New World of Welfare*. Washington D.C.: Brookings Institution Press.
- Germanis, Peter G. 1992. Workfare: Breaking the Poverty Cycle, in Thomas A. Mappes and Jane Zembaty. *Social Ethics: Morality and Social Policy*. New York: McGraw-Hill, Inc.
- Goodwin, Leonard. 1981. Can Workfare Work? *Public Welfare*. Fall.
- Gutmann, Amy and Dennis Thompson. 1996. *Democracy and Disagreement*. Cambridge: The Belknap Press of Harvard University Press.
- Hagen, Jan and Irene Lurie. 1992. How 10 States Implemented Jobs. *Public Welfare*. 50 (Summer).
- Haskins, Ron and Rebecca Blank, 2001. Welfare Reform: An Agenda for Reauthorization in Rebecca Blank and Ron Haskins (eds.). 2001. *The New World of Welfare*. Washington D.C.: Brookings Institution Press.
- Hayek, Fredrick A. 1944. *The Road to Serfdom*. London: Routledge.
- Hoover, Kenneth and Raymond Plant. 1989. *Conservative Capitalism in Britain and the United States: A Critical Appraisal*. London: Routledge.
- Keigher, Sharon. 1996. Speaking of Personal Responsibility and Individual Accountability... *Health & Social Work* 21(4).
- Kim, Yeon-Myung. 2001. Welfare State or Social Safety Nets? *Korea Journal*. 41(2): 169~201.
- King, Desmond and Hugh Ward. 1992. Working for Benefits: Rational Choice and the Rise of Work-Welfare programmes. *Political Studies* 40.
- Marshall, T. H. and Tom Bottomore. 1991. *Citizenship and Social Class*. London: Pluto Press.
- Mead, Lawrence M. 1986. *Beyond Entitlement: The Social Obligations of Citizenship*. New York: The Free Press.
- Mishra, Ramesh. 1981. *Society and Social Policy: Theories and Practice of Welfare*. Atlantic Highlands, NJ: Humanities Press.
- Moon, Chung-in and Jae-jin Yang. 2001. The Kim Dae Jung Government and Productive Welfare Initiative: Ideals and Reality, Paper presented at the conference on "Korea in Transition: Three Years under the Kim Dae Jung Government". Georgetown University, Washington

- D.C., USA. March 25 ~ 27, 2001.
- Murray, Charles. 1984. *Losing Ground: American Social Policy. 1950 ~ 1980*. New York: Basic Books.
- Pierson, Paul. 1994. *Dismantling the Welfare State?: Reagan, Thatcher, and the Politics of Retrenchment*. New York: Cambridge University Press.
- Piven, Frances Fox and Richard A. Cloward. 1977. *Poor People's Movements: Why They Succeed, How They Fail*. New York: Vintage Books.
- Piven, Frances Fox and Richard Cloward. 1987. *The Mean Season: The Attack Upon Welfare*. New York: Pantheon Books.
- Poole, Dennis. 1996. Welfare Reform: The Bad, the Ugly, and the Maybe Not Too Awful. *Health & Social Work* 21(4).
- Schram, Sanford and Samuel Beer. 1999. *Welfare Reform: A Race to the Bottom?* Washington D.C.: Woodrow Wilson Center Press.
- Spicker, Paul. 1988. *Principles of Social Welfare: An introduction to thinking about the welfare state*. London: Routledge.
- Taylor-Gooby, Peter. 1991. *Social Change, Social Welfare, and Social Science*. New York: Harvester Wheatsheaf.