The Concept of Universalism and its Operationalization in a Mixed Economy of Welfare

Jørgen Goul Andersen
CCWS-Centre for Comparative Welfare Studies
Department of Political Science
Aalborg University

Indhold

1. Introduction ............................................................................................................................................... 4

2. What is universalism? ............................................................................................................................... 6

3. Specification and Operationalisation in relation to cash benefits and services ...................................... 10
   Operationalisation of universalism ......................................................................................................... 10

4. Universalism in relation to unemployment protection............................................................................ 13
   Recent reforms in Sweden and Denmark ............................................................................................ 17
   De-universalisation ................................................................................................................................. 18

5. Multipillar pensions ................................................................................................................................ 24

6. Universalism and Departure from Universalism in Danish Politics ....................................................... 26
   First Path Departures in 2010 and 2011.............................................................................................. 26
   Next steps away from Universalism under centre-left ......................................................................... 27
   Further ideas? .......................................................................................................................................... 31
   Political suicide? ................................................................................................................................... 32

7. Social and Competitive Advantages of Universalism............................................................................. 33

8. Conclusions ............................................................................................................................................. 36

References: .................................................................................................................................................. 38
1. Introduction

In 2010-2012 Danish governments adopted several reforms that signified a break with principles of universalism. Moreover, in 2012 the Social Democratic party initiated a debate among members about a new 2032 programme where universalism played a key role. The discussion paper issued by the party leadership contained a remarkable questioning of the principle of universalism. It also revealed, however, considerable ambiguity about the very concept. Now, conceptual confusion is by no means unusual in politics – quite often, ambiguity even serves a purpose. However, when it comes to the concept of universalism, even the academic literature is surprisingly vague. Typically, one does not even find formal definitions, and lengthy discussions about the meaning of universalism are rare. Often – perhaps most often – definitions tend to be implicit.

If the concept as such is difficult, the application in relation to specific schemes is worse. First, the notion of universalism may be manageable – with some difficulty – to most cash benefits. But what does it mean when we come to services? This is actually quite difficult to specify. In particular, it is difficult to specify which not-fully-universal arrangements come most close to universalism. For instance: Which is the most universal: Child care with high but uniform user charges, or child care with means-tested payment that is small for low-income parents, and high for parents with high incomes?

And even worse: How do we handle the mixed economy of welfare? To take the most simple issue, unemployment insurance in Sweden, Finland and Denmark is such a mixed system – a so-called Ghent model of voluntary state subsidized insurance. Such state subsidized schemes were once quite widespread, and they were specified as a type of their own by Korpi & Palme (1998). Now there is not very much left of them. But how universal are they? After all, unemployment insurance is important enough to be considered carefully. According to the Social Democratic discussion paper above, unemployment insurance is not a universal scheme. Strictly speaking, this may be true. But how much does it deviate? And is this a constant deviation, or does it change over time?

Another difficult issue was the question of earnings-related benefits. The ideal-typical universal benefit is flat-rate (and accessible to all citizens). As pointed out by Anttonen & Sipilä (2012), there has been much conceptual slippage here. Korpi & Palme (1998) argued that earnings-related benefits are actually more redistributive, more Social Democratic, more decommodifying than flat-rate benefits. Others would suggest that earnings-related benefits (such as the earnings-related supplements to the “people’s pension” that were introduced in Sweden, Finland and Norway in the 1960s) constitute a move towards the corporatist/conservative/Bismarckian model. Now, in the first place this depends quite a lot on how generous such flat-rate benefits are. But next, even if we accept the argument about decommodification we have to decide whether decommodification and universalism is the same. It will be argued below that this is not the case.

However, if we accept the argument of Korpi & Palme (1998) that earnings-related benefits should be considered universal since it serves to crowd out private alternatives, our problems have not come to an end. The last trend in pension reforms almost everywhere is a trend towards multipillar pensions, combining state, occupational and individual pen-
sions; more often than not, the two latter pillars are private. Does this mean, then, the end of demmodification? And regardless of the answer to the first question: Does it mean the end of universalism?

In short, it is no wonder why most scholars have stayed away from attempts to define universalism. This task would seem to bring nothing but agony and pain.

The question is, however, whether we can do without it. As indicated above this does not only leave us in a conceptual confusion (perhaps) – it may even have an influence on practical politics if universalism can be defined almost at random, or if the concept is completely given up.

My position is that we do need the concept of universalism. But we have to treat it as an ideal type and to measure in terms of smaller or larger distances, rather than in terms of dichotomies. Next, we have to specify the sub-dimensions. I have been through this endeavour once before (Goul Andersen, 1997). A way out was to arrange the concept in a sort of hierarchy from the most comprehensive elements to the most narrow and demanding ones. This served to illuminate some of the different usages – including some of those that would not be considered “universal” at all by contemporary welfare state researchers – such as the criterion that all citizens are included and their rights are specified (exactly as rights) in the law. However, even though this criterion is insufficient for a scheme to be defined as universal, it does capture an important element.

Since the 1990s, the growth of the “Mixed Economy of Welfare” has made it much more difficult to handle the concept of universalism. However, it is also challenging, and it is important to discuss principles of welfare, both for theoretical, for empirical, and for normative reasons. To make the task even more difficult, I shall discuss the principles below not only in relation to social policy concepts and goals, but also to some extent in relation to economic concepts and goals.

In the next section, we provide a formal definition of universalism. In section 3, we discuss how universalism may be specified and operationalised in relation to cash benefits and services. In section 4 we address the complicated issue of unemployment insurance. Section 5 deals with an even more complicated issue of multipillar pensions. Section 6 describes and analyses some of the most recent practices and discussions in Danish politics which might jeopardize universalism. According to the normative discussion in section 7, the advantages of universalism would seem sufficiently great, even from an economic perspective, to outweigh the drawbacks.
2. What is universalism?

Considering the dissemination of the concept of universalism, conceptual discussions and clarifications are surprisingly few (Kildal & Kuhnle, 2005). This holds in particular for operationally oriented definitions.

Anttonen (2002), however, in one of the most comprehensive, and empirically oriented, discussions of the concept\(^1\), has summed up seven criteria:

1) rights to benefits or services,
2) which are tax financed,
3) uniform throughout the country,
4) defined by compulsory legislation,
5) designed for the entire population,
6) who have equal access, and
7) the majority of whom are users

Kangas & Palme (2005) abstain from definitions but are concerned with the two dimensions of coverage and generosity. The coverage dimension roughly corresponds with dimensions 5-7 in Anttonen which does not explicitly include the generosity dimension, however.

Goul Andersen (1997, 1999), building on theoretical notions mainly from Danish and British social policy literature, has proposed to arrange the different notions of universalism in a hierarchy which also summarize the criteria:

(1) Eligibility and entitlements are clearly defined rights, not a matter of discretion
(2) Rules apply to all citizens/residents\(^2\) who could be relevant beneficiaries
(3) Benefits (or services) are financed by general taxes rather than by social contributions
(4) Benefits are ideal-typically the same for all citizens; at least, nobody are excluded by means-testing, even though extra means-tested benefits are possible within the universal frame
(5) Benefits are adequate (cash benefits sufficient to maintain full citizenship, best service available - to avoid crowding in of market welfare for the middle classes)

This list overlaps a lot with that of Anttonen, but they are not completely identical. The two criteria of rights and tax-financing (1 and 3 above) are the same, and the second criterion “all citizens/residents” is equivalent to Anttonen’s 3, 5 and 6.

From here, definitions diverge somewhat. The fourth criterion is equivalent to Anttonen’s “equal access” criterion (6), but Goul Andersen’s criterion it is concerned also with entitlements whereas Anttonen’s is more about eligibility.

\(^1\) Anttonen elaborates in particular on Sainsbury (1988).
\(^2\) For EU members, residence rather than citizenship is the basic criterion of social rights, but between 2001 and 2010, Denmark found several methods of de facto targeting welfare cuts to particular ethnic groups (Goul Andersen, 2007a). We leave out this problem here, however.
The last criterion of *adequacy* is missing in Anttonen, but corresponds with Kangas & Palme’s (2005) concern with generosity. This is an important element to include. In the British conceptual tradition (Anttonen & Sipilä, 2012), any formal flat-rate benefit would qualify as universal. However, if this is simply a matter of poverty alleviation, it would not be considered universal in a Scandinavian context. There may be an (in my view, unfortunate) tendency in the Nordic countries, to conflate “universalism” with “Nordic model”, and “Nordic model” with what happens to characterize the Nordic welfare states at a given point of time (Anttonen & Sipilä, 2012). However, the requirement of adequacy is corresponding with the ideal of “full citizenship” including ability to take part in social and political life in accordance with prevailing norms (Marshall, 1949). This does not require enormously generous benefits and extremely high replacement rates, but it does require more than alleviation of poverty.

One element is missing in the list above. That is the question of coverage, or in Anttonen’s terms majority-as-users (7).

This should preferably be rephrased as a question of *inclusion*. This would be highly relevant to a discussion of unemployment protection.

Finally, Anttonen’s criterion of *compulsory legislation is not* included as this could make it difficult to apply the concept of universalism in a context of a “mixed economy of welfare”. In a mixed economy, e.g. in a multipillar pension system, the essential criterion, in the final analysis, has to be *outcomes* (Goul Andersen, 2007b; 2008a). Below, we elaborate on the five criteria before turning to the question of how the concept of universalism may be applied to unemployment insurance.

**The first criterion – clearly defined rights of eligibility and entitlements** – marks the ultimate step from poor laws to modern welfare schemes. For instance, in the first Danish social reform of 1891 which introduced old age relief, rules were discretionary; social rights were not clearly defined until 1922 (ironically, both laws were carried through by Conservative-Liberal coalitions: the Social Democrats voted against in 1891 and abstained in 1922).

The next two criteria – all (relevant) citizens, and tax financing serve to delineate “universal” from “corporatist” schemes which apply only to the gainfully employed and are contribution-financed. This may seem trivial at first glance, but this is not the case, say, when it comes to unemployment insurance.

The fourth criterion – *same benefits for all citizens, or at least nobody excluded* – serves to delineate from “liberal” or “residual” schemes targeting the poor, as well as from corporatist “achievement-performance” schemes, to use the label of Titmuss (1968). There has been an old strife between Swedish and Danish social policy researchers about whether flat-rate or earnings-related schemes should be considered most universal and most decommodifying (Rold Andersen, 1984: 114-116; Korpi & Palme, 1998).3 In this article, we

---

3 Palme & Korpi (1998) have argued that earnings-related benefits may seem to reproduce inequality among beneficiaries, but that a flat-rate “basic protection system” (a Beveridge system) in the end produce more inequality by crowding in private welfare. Flat-rate systems, however, could be considerably more generous than implied by Palme & Korpi’s (1998) picture of flat-rate systems as “basic protection systems”. For instance, the Swedish two-tier pensions remained, on average, less generous than the Danish flat-rate pensions ten years after the introduction of earnings-related pensions in Sweden (Korpi, 2002). On the other hand, it
define flat rate as ideal-typical universalism, but this is mainly a practical decision. Some extent of income replacement is not incompatible with universalism.

The question remains, though, to what extent benefits can be considered universal if they are strictly earnings-related (as pure defined contribution pension schemes), or if they are strictly means-tested.

As regards the latter, there is a difference between
1. targeting the poor,
2. excluding the rich, and
3. including everybody but targeting the poor by supplements ("targeting within universalism", c.f. Skocpol, 1991, or "positive selectivism", c.f. Thompson & Hoggett, 1996).

"Targeting within universalism" would seem clearly compatible with universalism whereas targeting the poor must be considered incompatible. As regards the intermediary “excluding the rich” model, this is a break with the principle of universalism, but the importance of this break depends critically on the size of the fraction that is excluded.

Further, when considering such issues in current welfare states, we often face a “mixed economy of welfare”; in that case, we either have to drop the notion of universalism, or we have to look at the ensemble of interconnected schemes, focussing on outcomes. This issue is addressed below.

Finally, it seems impossible to ignore the question of adequacy (or generosity), as is pointed out in the fifth criterion. Could a flat-rate universalism that amounts to nothing but poverty alleviation, and which necessitates supplementary private insurance or savings for the middle classes, be considered universal? We believe this is not the case. If the concept of universalism is to be applicable as a valuable analytical category in practical research, we have to put up some vaguely defined criterion of adequacy.

By including the latter criterion, we link up closely with Esping-Andersen’s (1990) notion of de-commodification and Marshall’s (1949) notion of social citizenship. This is equally vague but refers to the criterion that social rights should be sufficiently generous to enable participation in social and political life, or in other words being included in mainstream society. Rothstein (1993, 1998) used the phrase: “Improve people’s resources in order to enhance their autonomy”. Relating to our subject below, reforming the unemployment insurance system towards some kind of “universal” benefit at the level of social assistance could be considered a de-universalisation according to this criterion.

Now, we immediately face the problem that a fully universal welfare system has never existed, nor will it ever exist. Turning to individual policy fields, some (almost) fully universal schemes may be found, but they are the exception. Rather than labelling particular schemes “universal” or “non-universal” (typically targeted), the task of empirical research is to describe the deviance. The value of the criteria above is that we are able to define universalist ideal types and describe deviance on different dimensions.

would be misleading to describe any kind of means-tested or earnings-related benefits as a deviance from universalism.

4 In pension research, the micro-level equivalent concept of the "mixed economy of welfare" is called "income packaging".
This notion of deviance and different dimensions become particularly important when we turn to unemployment insurance which fails to meet the ideal-typical model of universalism at almost any of the dimensions above. Still, we contend, it is possible to describe changes in terms of universalisation and de-universalisation of unemployment protection. This becomes even more difficult in the case of multipillar pensions.

These issues are discussed below. First we discuss how universalism may be defined in practice – and operationally – in somewhat less complicated situations, that is, in relation to welfare benefits and services.
3. Specification and Operationalisation in relation to cash benefits and services

The first problem is that the concept of universalism is seldom applied to services, which have become the economically and politically most important part of the welfare state in Scandinavia. In principle, we can follow the same definitions as we make for cash benefits (needless to say, people receive services only if they fulfill professional criteria like being in need of hospital treatment).

In the case of cash benefits, the most simple delineation between universal and non-universal benefits is the question whether the benefit is means-tested (or should be means-tested, in case we measure attitudes).

When it comes to services, the challenge is to identify what constitutes the opposite of universalism. Operationally, this can be approached as a question of user charges. Should people receive services for free/for a low charge, or should user charges be introduced/be raised to a higher level?

If there are user charges, should such charges be means-tested or apply to everybody? With the latter question we face the problem whether (higher) user charges to everybody is more universal than means-tested user charges. By themselves both user charges and means-testing move us away from universalism, Is it possible that they could have the opposite effect when they are applied together? We believe that means-tested user charges with low or no charges for the poor after all comes closer to the idea of universalism that high user charges for everybody.

Operationalisation of universalism
As regards operationalisation of universalism vs. targeting/residualism, it is first and foremost a matter of means-testing or not. In a survey of attitudes, we have operationalised this as follows:

How just or unjust is it to target welfare support to the most poor rather than giving to everybody? (scale from 0 to 10)

---

5 A particular issue is whether supplementary private health insurances should be considered a break with universalism. In Denmark, employer-paid health insurances have become widespread. However, as insurances are only tax deductible if they apply to all employees, they are universal, at least within the company. Further, except for services at the margins of genuine medical treatment, public health care gives access to the same treatment, even with a treatment guarantee of (currently) one month. Health insurance allows people to jump a few days or weeks forward in the queue, but in a Scandinavian context, it does not necessarily represent a significant break with universalism per se. As a side effect, however, it may involve overtreatment.
The juxtaposition of targeting with universalism is comprehensible to most respondents. After all, there is a historical legacy; several means-tested schemes remain a part of the welfare system and arguments about targeting surface regularly in the public sphere.

It is relatively simple to contrast universalism with the corporatist principle of mandatory social insurance, but as regards attitudes, this has proved nearly impossible. In the absence of a historical record and public discussions, people do not really have any opinion.

We also asked about specific welfare programmes. We have tried to specify what targeting vs. universalism means in different fields of social welfare. With regards to cash benefits, we asked:

“Now I have a question whether social benefits like people's pension, unemployment benefits etc. should be a right for everybody or only be granted according to economic need so that the benefit lapses for people who can manage on their own (say, because of their spouse’s income)... When it comes to <social benefit in question>, do you think this should be a right for everybody, or should it only be given according to economic need?
1. right for everybody
2. only according to economic need
3. [spontaneously] should not be given to anybody
7. [spontaneously] don’t know about benefit
8. don’t know”

Specifying that spouse’s income might reduce entitlements may cause a slight overestimation of support for universalism. In a tax/welfare system where the individual is typically the basic unit, spouse’s income may be the least legitimate reason for deductions. Still, the wording is realistic, and it clarifies the meaning of the question.

As already mentioned, the equivalent question about universalism as regards services is about user charges. Having identical measures for a series of services was deemed preferable, though there is a case to be made for asking about increase or decrease for services as in child care, for which user charges are already being charge. The question was phrased as follows:

“Now we have a question whether public services should be free for everybody, or whether there should be user charges, perhaps exempting economically weak groups for payment (showcard): What is your opinion regarding ... [service mentioned] ... – should it be free for everybody; partly financed by user charges, but free for economically weak groups; partly financed by user charges for everybody; or full user charges for everybody”
As indicated, the response categories are:
1. free for everybody
2. partly financed by user charges, but free for economically weak groups
3. partly financed by user charges for everybody
4. full payment of costs
5. [spontaneously] not a public task as all.
(missing values as above)

The main question as regards services is whether there are user charges (and what people think about them). Because any payment is a deviation from universalism, we think that means tested user fees is closer to it than are uniform payments. This actually also matches public perceptions.

---

6 Categories 3 and 7 only appeared rarely and were collapsed with 2 and 8, respectively.
We have surveyed people’s attitudes towards general principles, and towards some of the most important cash benefits and social services (health care, elderly care, child care, education etc.). Do people adhere to universalist principles or to targeting? Do they do so both in principle as well as in terms of specific programmes?

What does it mean if abstract and specific questions lead to different conclusions? Is it a matter of ambivalence or a measurement problem? Regarding measurement, the conventional wisdom is that specific questions are more reliable than abstract ones – in particular for low-salience issues that are only sporadically discussed. However, inconsistency may also express genuine ambivalence that is not reduced with higher saliency. Voter reactions may depend on how parties frame the issue.
4. Universalism in relation to unemployment protection

Identifying different dimensions and defining universalism as an ideal type makes it possible to apply the concept in the analysis of welfare schemes like unemployment insurance which might at first glance be considered essentially non-universal. In this section, we try to spell out the meaning of universalism in relation to unemployment protection, taking our point of departure in the five key criteria presented above. From this point of departure, it is possible to describe current changes of unemployment insurance and to assess to what extent they constitute “transformative” change rather than small adaptations within a basic continuity.

1. Eligibility and entitlements are clearly defined rights

It seems obvious that universalism must refer to clearly defined rights. However, we immediately encounter a problem regarding unemployment protection as all welfare states have at least two different benefits for the unemployed: Unemployment benefits and social assistance. Besides, there is the question of tighter duties for the unemployed – stricter “conditionality” in Jochen Clasen’s (2005) terms.

To begin with conditionality, duties have been tightened in Scandinavia as elsewhere. Does that take us away from universalism? Arguably, this is not the case. Universalism does not imply that benefits are unconditional, as long as the duties and rules are clearly specified in the law. If benefits are highly conditional, this is tantamount to re-commodification, but it does not per se mean de-universalisation. This is one instance where “universalism” and “decommodification” do not mean exactly the same.

Unlike unemployment benefits, social assistance entitlements are not always clearly defined in the law. However, discretion may serve two very different purposes: On the one hand, discretion may provide a flexibility that enables social workers to do more when they face complex problems of social assistance claimants. It is a classical point that strictly defined rules are inappropriate to deal with complex problems which is exactly what we find among social assistance claimants (Rothstein, 1993). On the other hand, discretion may allow municipalities to do less. The first situation may be described as “targeting within universalism”. The latter resembles early stages of the welfare state. This is one instance where a context-striped institutional criterion (discretion or not) is insufficient: It must be seen in context (Goul Andersen, 2007b).

An essential question, however, is the distribution between unemployment benefits and social assistance among the unemployed. This is a question inclusiveness of unemployment insurance and unemployment benefits. How large proportion of the labour force has access, and how large proportion of the unemployed receives unemployment benefits? This is discussed further below.
(2) Rules apply to all citizens/residents who could be relevant beneficiaries

When we speak of universalism in relation to unemployment protection, the question is whether unemployment benefits is available to everybody who is able and willing to work. This, in turn, is a question of openness and duration of benefits. If eligibility requires long period of contributions and employment, and if duration is short, the system must be pictured as less universal.

By the same token, universalism ideal-typically implies that entitlements are the same for those who are eligible. This is not a question of earnings-relatedness, but a question of all members being treated by the same rules. If duration of entitlements follows age or duration of contributions (or if men and women were treated differently)\textsuperscript{7}, the system must be described as less universal (still allowing for “targeting within universalism”). This is linked to the next criterion of financing.

(3) Benefits (or services) are financed by general taxes, not by contributions

Financing does not only distinguish the Ghent model from a Bismarckian mandatory contribution-financed insurance. Financing also serves to delineate between a liberal and a universal system. Basically, the Ghent model of state subsidized voluntary insurance was a liberal idea, and early reforms (like in Denmark 1907) were frequently carried through by Liberal governments.

The first question is whether the state subsidy is small or large – a large state subsidy means that the system is de facto highly universal; lower state subsidy is tantamount to de-universalisation. This should be considered over the business cycle, of course: If contributions are fixed, state subsidy will be small during prosperity, high during recessions.

Next, there is the principle of risk sharing. If contributions are unrelated to unemployment of the individual funds, the system must be described as highly universal. If contributions differ according to risks of unemployment, the system is less universal – and less de-commodifying. Briefly: The stronger association between risk and contributions, the less universalism. In Norway, small subsidies combined with low risk sharing killed the Ghent model in the 1930s as funds went bankrupt.

Accordingly, a Ghent system can move forth and back between universalism and liberalism by changing the subsidy level. A high state subsidy de facto means risk sharing among all members of society. This is tantamount to more universalism. Further, risk sharing between unemployment funds – towards the level where contributions are a fixed amount for all insured means more universalism. At this point, universalism and de-commodification coincide perfectly.

Theoretically, this is an interesting case as there are rich opportunities of transformative incremental change. Moreover, in the terms of Peter Hall (1993), but contradicting his overall position, this is an instance where the “settings” of an instrument – usually considered the lowest level of policy change – may constitute transformative change. Indeed, we

\textsuperscript{7} We are only considering the cash benefits here. As regards active labour market policy, there have been exemptions for the duty of activation for older workers. It is an open question whether this should be considered a privilege or discrimination. In the latter case, it would be tantamount to de-universalisation.
would suggest that the setting of instruments is the key to transformative change in this case.

(4) Nobody are excluded by means-testing
Benefits may be means-tested, flat-rate, or earnings-related. Ideal-typically, a liberal or residual system is means-tested and provides benefits mainly or exclusively for those who cannot provide for themselves. However, privileged support for unemployed with family obligations, longer duration for elderly unemployed, etc. could be considered “targeting within universalism”. This is another instance where generosity matters: Means-tested supplements to high basic benefits would count as universalism; means-tested benefits added to low minima (or none at all) could hardly be considered universal.

But how about earnings-related benefits? Unemployment insurance is aimed at income replacement and almost by definition earnings-related. Is that compatible with universalism if universalism ideal-typically means flat-rate benefits for everybody? Again, universalism must be different from something. In an ideal-typical corporatist or Bismarckian system, benefits are strongly earnings-related. A corporatist system provides security, not equality: Benefits are status-divided and maintain the same inequality as among the employed. The poles are as follows: Corporatism means proportional replacement with a high limit; universalism means proportional replacement with a higher percentage, but a lower limit. The underlying concern is that everybody is included. This requires generous minima, and as generous minima usually preclude high compensation rates for the highest incomes, this pushes some way towards the flat-rate pole.8

As regards social assistance, we speak of a benefit that is invariably means-tested. This is not by inevitable, however – some decades ago a Danish political party (Radical Liberals) discussed whether social assistance could be individualized. By definition, an individualized social assistance would be less means-tested, and in principle, one could even imagine a social assistance that was not means-tested at all. In practice, the inclusiveness/exclusiveness as regards the outcome of means-testing, could be an indicator of the degree of universalism.

(5) Benefits are adequate
Finally, there is the somewhat vague criterion that benefits should be “adequate”. If, for instance, the compensation rate of unemployment benefits (and social assistance) declines significantly, due to insufficient indexation, this should, accordingly, be considered tantamount to de-universalisation.

---

8 To some extent, similar arguments apply to recommodification. However, Korpi & Palme (1998) argued that earnings-related benefits are de facto more recommodifying than flat-rate benefits since they crowd out private alternatives. However, pensions cover a permanent situation, unemployment is temporary. Accordingly, middle class requirements are lower. Besides, private alternatives are few since unemployment comes close to being uninsurable (Barr, 2001).
Inclusiveness

As it emerges, one aspect was touched upon above under several headlines. As it is crucial in the case of unemployment protection, however, it might be pointed out as a separate dimension. That is the concept of inclusiveness.

The most important single characteristic of an unemployment protection system is whether it provides unemployment benefits (rather than social assistance – or nothing) to the large majority among the unemployed. If it doesn’t, it would be inappropriate to speak of universalism (let alone of de-commodification). Notice that this is an outcome measure; in the final analysis, this is what counts when assessing welfare models and policy change (Goul Andersen, 2007b).

Essentially, there are two separate questions here, and perhaps we should speak of “coverage and inclusiveness”. As regards coverage, it is a classical argument in favour of universalism that it covers the entire population – or at least a larger segment than alternative schemes. In the case of unemployment insurance, it is difficult to beat a mandatory system, but the system must be considered less universal if it only covers a fraction of the population.

Still, the crucial question remains whether it covers people at risk. Low coverage constitutes a tension, but low coverage among people with high unemployment risk constitutes a departure from universalism. As people supposedly tend to become aware of risks, the important question is whether people are able to get into the unemployment insurance system, and able to remain in that system rather than the social assistance scheme. Leaving aside the issue of free-riding, questions of access, duration and re-qualification for benefits become important here.

By pin-pointing the criteria above it is possible to apply the concept of universalism to social protection schemes that deviate from ideal-typical universalist institutions.

We have analysed to what extent the Danish and Swedish Ghent systems can be described as universal, and whether they have moved away from the ideal type. Attention was focused on changes regarding:

- tax vs. member financing
- fixed vs. risk-dependent contributions
- coverage, openness, duration
- generosity
- inclusiveness

The most important dimensions are summarized in figure 1.
Figure 1. Universal vs. liberal unemployment protection variation within Ghent model

<table>
<thead>
<tr>
<th></th>
<th>Liberal</th>
<th>Universal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duration</td>
<td>Short</td>
<td>Long</td>
</tr>
<tr>
<td>Access</td>
<td>Difficult</td>
<td>Easy</td>
</tr>
<tr>
<td>Coverage</td>
<td>Narrow</td>
<td>Broad</td>
</tr>
<tr>
<td>Risk sharing</td>
<td>High contributions, low subsidy</td>
<td>Low contributions, high subsidy</td>
</tr>
<tr>
<td>Means-testing</td>
<td>Targeted</td>
<td>Universal (except for supplements)</td>
</tr>
<tr>
<td>Adequacy</td>
<td>Low</td>
<td>High (at least for low incomes)</td>
</tr>
<tr>
<td>Inclusiveness</td>
<td>Low</td>
<td>High</td>
</tr>
</tbody>
</table>

Recent reforms in Sweden and Denmark

Initially, the Ghent system of state subsidized voluntary unemployment insurance was a liberal system that represented a higher privatization of social risk than a modern mandatory system. In a Ghent system, better-off people with low unemployment risk may opt out, and the lower classes with high risk of unemployment initially had to pay the highest contributions. In a compulsory system, nobody escapes payment, and better-off people normally pay the most.

The main reason why the Ghent system was maintained in Scandinavian ("Social Democratic") welfare states was strategic: Unemployment insurance provided an incentive for trade union membership (Rothstein, 1992). If the unions could maintain control of the unemployment insurance (UI) funds and maintain de facto coupling of UI and union membership, they could count on high unionization. In Norway where the Ghent system was given up, union density is substantially lower than in Sweden, Finland and Denmark.

If there were no strategic benefits, it would be obvious for Social Democrats to opt for compulsory insurance in order to ensure adequate coverage and fair distribution of the costs. However, the Ghent model was open for “Social Democratization” or universalisation. This only required another setting of the instruments.

The first formula for this transformation is to maximize risk sharing, first, by having the state pay as much as possible of the expenditures, and secondly, by making contributions independent of unemployment risk. Through this collectivization of risk, a Ghent system converges with a mandatory system in economic terms.

When the state foots the bill, the following step is to make benefits as generous as possible – in terms of compensation rates, duration, and “conditionality”. In the "old days" when members paid the lion’s share of the costs, incentives for the unions were far less straightforward (Due & Madsen, 2007). As regards ”conditionality”, this is mainly a measure of "de-commodification", but not of "universalisation"; otherwise the implications are the same.

9 Unemployment insurance (the Ghent model) was introduced in Denmark by 1907; in Finland by 1917; and in Sweden as late as in 1934 (Kangas & Palme, 2005: 299). Norway was the first mover in 1906, but here the Ghent model was replaced by a mandatory system in 1938 because funds had frequently been suffering from financial problems and even bankruptcy in the 1920s and 1930s (Kuhnle, 1978; Hatland, 2010: 42-43; Carroll, 2005: 64-65).

10 Unemployment insurance in Iceland (and the Faroe Islands) is mandatory.
This formula was followed under Social Democratic rule in both countries. Most conspicuously in Denmark where UI was a very "liberal" system by the mid-1960s, partly due to insufficient indexation. In Denmark, a series of reforms 1967-1972 included a fundamental change in the principle of financing (1967): From now on, contributions became small, fixed, and uniform. The state took over the "marginal risk of unemployment", both regarding variation between UI funds and regarding the aggregate level of unemployment in society (Due & Madsen, 2007: 232-236). The compensation rate was raised to 80% of previous earnings in 1970, and again to 90% in 1972, alongside a large increase in the ceiling (Jørgensen, 2007:165; Jonasen, 2003: 153). These reforms became important when Denmark was hit by mass unemployment from the mid-1970s. *De facto*, benefits were paid by the taxpayers, and the system was unusually generous (Goul Andersen, 1996). Further, duration became *de facto* extended to 8½ years. Access to membership was extremely open, and coverage more than doubled. In 1979, a voluntary early retirement allowance from the age of 60 added another incentive for membership.

Except for early retirement, Sweden followed a similar course (Lind, 2009: 516), but conditionality was stronger than in Denmark. Duration was shorter, but as requalification was possible through activation, duration was *de facto* infinite. Like in Denmark, member payment was fixed, but it was even lower. Roed (1999) estimated that by the mid-1990s, members financed some 20 per cent of the costs in Denmark, 5 per cent in Sweden (and Finland). Inclusiveness was high: In Denmark 80-90 per cent among "ordinary" unemployed received unemployment benefits rather than social assistance. This figure remained stable throughout three decades.

**De-universalisation**

Since the heydays in the 1980s, quite profound changes have taken place in both countries, some of them incrementally, others in significant reforms. The changes in Sweden after the 2006 election are the most visible. Ironically, a main reason for the defeat of the Swedish Social Democratic government in 2006 was its loss of “issue ownership” over employment (Oscarsson & Holmberg, 2008; Martinsson, 2009). The new centre-right coalition aimed at a mandatory unemployment insurance system instead of the Ghent system, but ended up reforming the latter. Some of the Swedish reforms were attempted in vain by Danish governments in the 1980s, others are to a large extent paralleled by equivalent changes in Denmark, some of which went almost unnoticed. Our question here is to what extent these reforms should be described as a de-universalization. As reforms represent a theoretically interesting case of transformative changes via small, incremental reforms, we shall comment a little on this aspect as well.

As pointed out above, the Ghent system was open for a transformation from a liberal to a "social democratic", and at least, a much more universal system. It turns out that not least by changing the settings of instruments, it can be turned back to a (more) liberal system. The formula for such *de-universalizing* trends would include:

- higher contributions, less tax financing

---

11 Requalification for another 8½ years required 6 months of ordinary (not subsidized) employment.
12 From 1973 to 1974, state financing rose from 62% to 87% as expenditures quadrupled, due to rising unemployment, and due to a 20% increase in the ceiling of the benefit (Jørgensen, 2007: 174; 417).
risk-dependent rather than fixed contributions
shorter duration, more difficult access, less coverage
less adequate compensation
more targeting of benefits
less inclusiveness

Speaking of recommodation, we would also include:
more conditionality (activation, jobseeking, mobility requirements etc.)
weakening of union power

Some of the changes below were deliberately pursued, others were unintended side effects. For instance, even though it may be a goal to save money, governments – and economic agencies – would normally be concerned about coverage and about distributional impact (Finanspolitiska Rådet, 2009: 154-205). Whether governments’ economic or political motives were the strongest, is also outside the scope of this chapter. In several respects, however, reform efforts of Danish and Swedish centre-right governments have followed a predictable pattern in accordance with the sketch above, and the Swedish government 2006-2010 managed to carry through some of the reforms that were given up by Danish governments in the 1980s.

Higher contributions: Open and hidden measures
Reducing member contributions to virtually nothing was the Social Democratic way to have a Ghent model with economic and distributional effects equivalent to those of a mandatory system, and at the same time drawing political advantages from the incentives to trade union membership of voluntary unemployment insurance. As regards tax financing, the Danish and Swedish schemes had become almost fully universal. But since the 1980s changes were in the opposite direction.
The pioneer was Denmark. In 1983 the centre-right government nearly doubled members’ contribution to unemployment insurance, and employers’ contributions were more than tripled (Direktoratet for Arbejdsløshedsforsikringen, 1983). A series of minor increases followed 1984-1987, both for members and for employers. Even a Social Democratic government exploited the opportunity to increase contributions in 1998/1999 when contribution to voluntary early retirement pension was formally separated from unemployment insurance. Altogether, this relieved the state of a financial burden. By 2011, the lowest contribution in Denmark was around 55 € per month. In 2008 when unemployment was at its lowest, the Danish state even made a small profit: Contributions exceeded the costs of unemployment benefits.

A more subtle and less visible source of increasing contributions was changing tax rules. Until the 1990s, contributions to unemployment insurance was fully tax deductible in Denmark. As the highest marginal tax rates was up to 73 per cent in the early 1980s, and only slightly lower for ordinary workers, the costs of unemployment insurance was negligible. Marginal taxes were reduced to a maximum of 68 per cent in the 1985/87 tax reform, and a bit more in the 1993/94 reform. In the 1998 tax reform, the tax value of such deductions was reduced to 33 per cent, and in the 2009 tax reform, the figure was further reduced

---
13 In order to improve competitiveness, employer contributions were abolished in 1988.
14 This was also a measure to safeguard the early retirement allowance scheme, however.
15 This excludes contribution to voluntary early retirement allowance (effortlon) which is slightly higher.
to 25 per cent (phased in gradually until 2019). By itself, changing tax rules involved a strong increase in net contributions after tax – for people with the highest marginal taxes, this by itself tripled net contributions. Ironically, there was little discussion about these changes as they were part of packages with more controversial issues. In Sweden, all this happened more abruptly, and it did not go unnoticed. Member contributions tripled by 2007 as they increased by 220 SeK (21 €) on average per month – with a small differentiation according to unemployment level (see below). In addition, the tax deduction (previously 40 per cent) was abolished. By 2008 differentiation according to unemployment rate was strengthened whereas average contributions were slightly reduced. Even though increasing net contributions to unemployment insurance was more than compensated by a big tax relief, the reform was followed by exit of about ½ million people from unemployment insurance in 2007-08 (Finanspolitiska Rådet, 2009: 188-190). As this was unwanted by the government in a time of economic crisis, it tried to compensate by a small reduction in 2009, while maintaining a maximum increase of 300 SeK (29 €). Accordingly, by 2010 gross contributions remained smaller in Sweden than in Denmark – whereas net contributions after tax were about the same. But in both cases, contribution financing had increased substantially, relative to tax financing.

Unemployment-dependent contributions

From a perspective of universalism (and decommodification), it is highly important whether contributions are related to risk. From the perspective of solidarity or risk-pooling, a fundamental drawback of the Ghent system is the opportunity of low risk groups to opt out, and having higher contributions for less skilled workers with higher risk of unemployment would be adding injury to insult. From an economic incentive perspective, on the other hand, there are important arguments for strengthening the association between risk and contributions.

This discussion surfaced in Denmark in 1984 when the government considered a reform that could relieve the state from the “marginal risk of unemployment”. The idea was to pay a fixed subsidy per member rather than reimbursing expenditures. This would have forced the funds to introduce an unemployment-dependent membership fee, variable from one fund to another.16 However, the Ministry of Labour was against and suggested an earmarked tax as an alternative. This would prevent excessive payments for members of funds with high risk unemployment – who typically also happened to be at the bottom of the income hierarchy.

The government’s reform ideas also included benefit cuts, but opposition was mobilized in the media, from the social partners, and within the parties themselves (Nørgaard, 2007: 190-191). Besides, crisis awareness was declining, 1987 was an election year, and the government was lagging behind in the polls. Not surprisingly, the great reform was postponed, but equivalent ideas about new financing of unemployment insurance resurfaced in a large economic reform proposal in 1989 (Arbejdsmisteriet et al. 1989: 116-128; Finansministeriet 1989: 44-45). This plan failed as well, but after electoral losses in the 1990 election (on a proposal of unfinanced tax relief), a reform of the financing of unemployment benefits was still top government priority. In 1992 this was part of the assignment for a corporatist labour market commission which discussed several models (Udredningsudvalget, 1992: 106-131). As regards differentiation of contributions, however, the report

---

16 A two-tier scheme was also discussed, with voluntary supplementary insurance (Ravn, 1984).
was overwhelmingly negative because of distributional effects, and because incentive effects were considered unlikely in the short run (Udredningsudvalget, 1992: 127).

Since then the idea of differentiation was not revived. But the idea of providing an incentive lived on. In 1992, a tax commission dismissed differentiation as theoretically interesting but practically impossible (Udvalget om Personbeskatning, 1992: 397). Instead an earmarked tax for financing unemployment-related expenditures was proposed (Udvalget om Personbeskatning, 1992: 387-408). Even though it was a second-best solution, it could still provide an incentive for wage moderation: The tax should be reduced if it exceeded unemployment expenditures. This materialized as an ear-marked (deductible) “labour market contribution” in the 1993/94 tax reform. The government report only paid lip service to the concern for incentives (Regeringen 1993: 9, 28) and seemed more concerned about Europeanization (p.9). In the late 1990s, due to declining unemployment, the labour market contribution was supposed to be reduced (Finansministeriet, 2006). This did not happen as the opposite was needed. Low unemployment reflected an over-heated economy, and decision makers realized that they had introduced a pro-cyclical tax. Accordingly, earmarking was adjusted instead of contributions. After that, this idea of incentives, even in its awkwardly transformed version was dead in Denmark.18

However, exactly the idea of differentiation according to unemployment that was given up in Denmark was realized by the Swedish government in 2007/2008. As mentioned, the reform of contributions to unemployment insurance included a differentiation according to unemployment level. The amounts of money involved were moderate, but institutionally, it represents a qualitative breakaway from the Social Democratic version of the Ghent model.

All citizens? – Access, duration, and coverage
The Swedish benefit system was traditionally described as “easy to enter but difficult to leave” – provided that people participate in activation. Perhaps the use of what has elsewhere been dubbed “the activation carousel” contributed to the delegitimation of the system. At any rate, this was significantly changed under the bourgeois government 2006-2010. Access to unemployment benefits via education was abandoned. Requalification through activation became impossible; only a “job and development guarantee” with a low compensation remained. Duration was reduced to 300 days, but it could be prolonged for another 300 day period.

Unlike Denmark, Sweden builds on a two-tier model with voluntary earnings related unemployment insurance (UI), on the top of a low, flat-rate basic unemployment assistance (UA) scheme which includes both insured and non-insured (but based on the same work conditionality as unemployment insurance). Those who are insured receive both; non-insured only receive the unemployment assistance (frequently supplemented by means-tested social assistance due to the very low replacement rate of unemployment assistance). In Sweden, this was combined with a slightly higher compensation during the first 20

17 Actually, neither of these motives ever resurfaced in later discussions about taxation in Denmark. They simply reflected contemporary discussions about “insider – outsider” problems (for an overview, see Goul Andersen et al., 2003; Albrekt Larsen & Goul Andersen, 2004, 2009), and about the impact of the European Single Act and of the Maastricht Treaty. Future concerns were directed towards labour supply on the one hand and globalization on the other.

18 As contributions were fixed anyway, a potential emerged for a completely different type of liberal reforms aimed at enhancing efficiency by allowing free competition and free user choice between unemployment insurance funds. This was implemented by the Liberal-Conservative government after 2001.
weeks (Bennmarker et al., 2005).

In Denmark access via education remained possible with a few modifications, and access remained relatively open. Membership requirement remained one year, and employment requirement was increased from 26 weeks to 52 weeks within a three year period. Duration was reduced from about 8½ years to 7 years in 1993, 5 years in 1995, and finally to 4 years in 1998. This did not cause very much unrest, and the reforms should be assessed in view of improvement of employment – from 1993 to 1998, unemployment was more than halved.

From 1998-2008 there were no initiatives to reduce duration further. The Danish “flexicurity” system was celebrated for its combination of generous benefits, flexible employment protection, and activation to bring people back to work –portrayed as a golden triangle by the EU and the OECD. As the ceiling of unemployment benefits was relatively low, the most generous “security” element used to be the long duration of benefits. Even more importantly, the bourgeois government would avoid conflict with its large segment of working class voters – and the flexicurity argument could be used against ideological critics within own ranks (Regeringen, 2005).

In the autumn of 2008 the government proposed to shorten duration of benefits in order to increase labour supply. The Social Democrats appeared tempted to give in on duration in return for a higher maximum level as duration did not in practice affect many members anyway. When the proposal was presented in the early autumn of 2008, unemployment reached its bottom, but when the economic crisis was realized by the opposition, negotiations broke down. One could have expected that the recession had killed the proposal. When the Labour Market Commission (Arbejdsmarkedskommissionen, 2009) proposed shorter duration of unemployment benefits the recommendations were shelved by the government before they were published. To everybody’s surprise, however, the proposals were carried through in 2010 (see below). In a context of enduring unemployment these changes were dramatic.

Two year duration of unemployment benefits is not deviant from most other countries, including the USA. But as duration was the “generous” social protection element of flexicurity, this system was jeopardized and nearly abandoned over night. This holds also for a doubling of the requalification requirement from 26 to 52 weeks of ordinary employment within a three year period.

**Generosity**

Generosity in terms of compensation levels was changed significantly in Sweden. Automatic indexation of the maximum was abolished in 1993, and the maximum amount has only been adjusted twice between 1993 and 2010 (Sjöberg, 2011). This means than UB in Sweden has become substantially less universal. The Danish replacement rate of 90 per cent was formally maintained. However, what matters is the ceiling and the indexation. In Denmark, nearly everybody receive the maximum unemployment benefits, provided they are eligible. De facto, unemployment benefits has become a flat-rate benefit.

In Sweden, also maximum benefits were seriously reduced. And according to the 2007 reform the compensation rate is reduced from 80 to 70 per cent after 200 days (40 weeks),
and further to 65 per cent after 300 days (60 weeks). Next, replacement is calculated on the basis of *annual* income – this was also attempted in Denmark in the 1980s. Finally, in the new Swedish system, young people reach the 70 per cent compensation already after 20 weeks and the 65 per cent after 40 weeks. As mentioned, education does not give access to unemployment benefits. To complicate things further, several Swedish trade unions have introduced supplementary unemployment insurance as part of the union membership.

---

19 People with children under 18 maintain 70 per cent for additional 30 weeks.
5. Multipillar pensions

What about multipillar pensions, then? The Danish system has been transformed from a people’s pension system to a multipillar system (see Figure 2).

**Figure 2. Pillars and tiers of the Danish Multipillar Pension System.**

<table>
<thead>
<tr>
<th>First Pillar</th>
<th>Second Pillar</th>
<th>Third Pillar</th>
</tr>
</thead>
<tbody>
<tr>
<td>State pensions and special arrangements for pensioners</td>
<td>Occupational pensions</td>
<td>Rent pension</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Capital pension</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rate pension</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Index contracts)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Third Tier (tapping up / replacement gap)</th>
<th>Second/third tier (income maintenance)</th>
<th>First tier (basic security/poverty protection)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Semi-mandatory labour market pension</td>
<td>ATP: Supplementary Labour Market Pension</td>
</tr>
<tr>
<td></td>
<td></td>
<td>People’s pension</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Basic Amount</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pension supplement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Supplementary pensions benefits</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Individual supplements (health, personal, heating)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Preferential housing benefits</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SP: Special Pensions savings (terminated 2009)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Civil servants’ pensions (Company pensions)*</td>
</tr>
</tbody>
</table>

**Notes:** Light Grey: Means-tested. Blue: Funded

*) For civil servants in municipalities, pensions are often funded through insurance in order to avoid financing labour power of the past through current expenses. Employee contracts as civil servants have declined very significantly. The huge majority have ordinary employment contracts.

Besides, the state pension has been transformed from a flat-rate system with some means-tested supplements to an almost fully means-tested system. The two other pillars are private. If we confine ourselves to the state component, we would conclude that the system has moved away from a universal people’s pension system towards a minimalist, targeted, liberal system.

The point is that we cannot confine ourselves to the state component in isolation. We have to consider the outcome, and we have to consider the interplay between pillars.

The end result is that the Danish system (including preferential housing benefits for pensioners) is currently providing the highest minima found in Europe (equivalent to maximum unemployment benefits; see Goul Andersen, 2007c), even the highest in Scandinavia (Goul Andersen & Hatland, 2012).

Moreover, the current Danish system is estimated to provide more equality among pensioners when labour market pensions mature, and it is estimated to provide higher equality than other pension systems in Europe. To adapt the notion of universalism to pensions re-
quires some concept stretching, but as judged from an outcome perspective, it would come pretty close to satisfying the definition of universalism.

As these examples illustrate, universalism is an ideal type. Specific welfare schemes should often be considered more or less universal rather than universal/non-universal. Further, the key political question is how specific schemes are becoming more or less universal de facto. Welfare reformers do not very often have the capacity to install completely new systems; rather they manipulate within the frames of existing arrangements to make them more or less universal (as they manipulate to make them more or less decommodi-fied).
6. Universalism and Departure from Universalism in Danish Politics

The questioning and violation of principles of universalism is novel in Danish politics – at least if we apply a modernized definition to be presented below. In the Anglo Saxon world there has been a far-reaching targeting going on (Gilbert, 2002) – although much more in the UK than e.g. in Canada where it has de facto largely been avoided (Béland & Waddan, 2012). But in Denmark until 2010, universalism was largely expanded, maintained or successfully transformed to a context of a mixed economy of welfare.

The 1980s and 1990s had witnessed the introduction (or re-introduction) of universal child benefits, universal student allowance, universal home help, and – perhaps most importantly – an indexation of the major social security transfers by wage increases rather than by prices in 1990. All of these reforms were adopted by broad majorities of left-centre-right parties, and most of them under a centre-right coalition government headed by Conservative Prime Minister Poul Schlüter.

The late 1980s also witnessed the beginning of a transformation of the pension system from a flat-rate “people’s pension” system to a multipillar system. This involved a significant targeting of the state components of the pension system, and a significant inflow of private pensions. But as will be pointed out below, from an outcome perspective, the Danish multipillar pension system (the ensemble of components) comes close to satisfying all important criteria of universalism.

Many years earlier, the Ghent system of voluntary unemployment insurance had been transformed to a de facto universal system largely financed by the state. Since the 1990s, however, reduced tax deductions for unemployment insurance contributions in successive tax reforms have silently moved the Ghent system somewhat back towards the more liberal principles from which it emerged – in a compromise between the Social Democrats and the Liberal Party – in 1907 (Goul Andersen, 2012a). But this was the exception. Unlike in Sweden, the principle of universalism was rarely discussed, but in practice supported by centre-right governments and centre-left governments alike from 1982-2010 (prime ministers Poul Schlüter, Poul Nyrup Rasmussen, Anders Fogh Rasmussen).

First Path Departures in 2010 and 2011

In May 2010, however, the so-called “Reconstruction Plan” of the Liberal-Conservative government broke away from universalism in two important respects:

(1) by reducing duration of unemployment benefits from four to two years, and by increasing the requalification requirement from 26 to 52 weeks of (ordinary) employment. In a context of high unemployment, this seems for the first time to exclude significant numbers of unemployed from unemployment benefits. Moreover, it will often leave them without any support at all since there is no minimum support and very strong means testing for
Social Assistance. Stated bluntly, married people will typically have to get rid of their car, their house and their spouse in order to be eligible for social assistance.

Accepting this part of the “Recovery plan” was explicitly written into the programme of the new centre-left government, but it was agreed to postpone implementation by half a year until 1. January 2013. For some unfathomable reason, there was seemingly a broadly shared assumption among members of the government and parliament that unemployment would be temporary (despite Denmark’s bleak experience from the mid-1970s to about 2005). When it turned out not to be the case, some other short-term activation measures and subsidies for employment of long-term unemployed were adopted in the hope that this would alleviate the problems. But the new rules, even the requalification requirement which was a more radical measure than realised even by the expert committee that had initially proposed it, were maintained without modification.

(2) child benefits were limited to a maximum of 2-3 children (depending on age) in 2010. This rather weird reform may have contributed to a dramatic decline in fertility in Denmark in 2011-2012 (from 1.874 in 2010 to 1.756 in 2011 and even lower in 2012), but it was repealed by the new Centre-Left government by the end of 2011. Continuing uncertainty about the conditions of child families, however, lingered on until the tax reform was adopted by June 2012.

The early retirement reform of May 2011 (formally adopted after the 2011 election and with the votes of the Social Democrats and the Socialist People’s Party) was de facto also a breach. In particular it removed the last cornerstone of “flexicurity,” but arguably it also implied a de-universalisation: Until the early retirement reform, seniors on the labour market were protected against unemployment by the option of voluntary early retirement (“eft-erløn”). This had enabled people to retire 3-5 years before pension age. The shortening of duration of unemployment benefits left older workers who happened to lose their job in a vulnerable situation, but still they had an early retirement exit. With the new retirement rules, this group will soon be left as unprotected as everybody else, missing the employment protection of elderly workers found in most European countries. This reform was also maintained – and adopted with the support of the Social Democrats and the Socialist People’s Party, as part of the price for the support from the third party in government, the Radical Liberals.

**Next steps away from Universalism under centre-left**

The new centre-left government that took office after the September 15 election in 2011 did not only continue this path departure from universalism, however, but took significant further steps. The reform of disability pension and flexible jobs (adopted June 30, 2012) had largely been developed under the Liberal-Conservative government. Basically, this was a savings manoeuvre. First, disability pension was abolished for disabled aged less than 40 years (with some exceptions). Instead, applicants were offered one – if necessary: more – “resource building course” with a duration of 1-5 years. People will receive the same level of support as they received prior to the course. This frequently means social

---

20 It is an informal norm in Danish Parliament that partners in a compromise hold veto power against change unless it is declared before an election that it will be terminated. The early retirement system of 2011 was based on a 2006 reform.

21 Oddly enough the implications for flexicurity were never discussed, perhaps because institutional complementarities are too complex for day-to-day politics.
assistance. Social assistance also serves as a minimum support for those covered by the reform, but without means testing. As regards universalism, it is adequacy that is at stake since most of those who would previously (after a comprehensive test) receive disability pension will in the future receive social assistance.

As regards flexible jobs, this was a subsidized job arrangement introduced in the late 1990s as an alternative to disability pension for those having some work capacity left. In accordance with norms of citizenship, it enabled people to work with a standard wage, but with reduced working hours or exemption from certain tasks. In principle, people could maintain the standard wage according to collective agreements, although in practice without the individual wage supplements that constitutes a substantial part of the wage, in particular for white collar workers. According to the new rules, subsidies became substantially more targeted. With 98 per cent of maximum unemployment benefits as a maximum, the subsidy was reduced by 30 per cent for wages up to 13.000 DKK/month (including pension), and by 55 per cent for wages above that level. For wages exceeding 36.400 DKK/month (about the level of an OECD “Average Worker”) there was no subsidy at all according to the new rules. As regards universalism, the previous intention of having (partly) disabled workers employed on (in principle) the same basis as ordinary workers was broken.22

Motives for these reforms were pretty obvious. As regards disablement pension, there had been a decline in the proportion of disablement pensioners among the older age cohorts, but a substantial increase among people aged less than 40 years, not least on psychiatric indications. The flexible job scheme had been an enormous success, but the government undoubtedly suspected that there were much deadweight loss at best, abuse at worst.

When it comes to the tax reform of 2012, motives are more difficult to guess. The 2012 tax reform was a strange idea by itself. There had been big reforms in 1985, 1994, 1998, smaller ones in 2003/04 and 2007, and another quite radical reform in 2009. The official motive of the 2012 reform was exactly the same as in 2009: To reduce taxes on labour power in order to increase labour supply. It should be added that taxes on labour were already low: By 2011 the marginal tax rate for a single average worker was the same as in the US (OECD, 2012), and with the exception of marginal tax for a single person earning 167 % of an average worker, average taxes as well as marginal taxes on labour for all OECD standard types of individuals and households were lower in Denmark than among the 21 EU countries that are members of the OECD (Goul Andersen, 2012b).

The tax reform, adopted in a compromise with the Liberals and Conservatives (22. June 2012), affected universalism in two respects. The main ingredients of the reform was a significantly increased tax credit for all employed people and extension of proportional tax to a higher income level so that more people were exempted from the top marginal tax rate of 15 per cent.23 Financing was obtained mainly by savings on social transfer incomes and on the defence. De facto, the reform was to a large extent unfinanced, but this was concealed by changing taxation of a private pension scheme so that tax was levied when the

22 There were a few examples of people receiving rather high wages under the previous arrangement, but undoubtedly, the motive was the unexpected success of the flexible job scheme and the suspicion that there were much deadweight loss at best, abuse at worst.

23 The main trend in Danish tax reforms of reducing the number of income tax levels and generally reducing income taxes is similar to the American tax reforms of the 1980s. As from 2010, there are only two levels left: A flat tax rate for most incomes, and a top tax of 15 per cent that applies to workers well above average wage.
pension savings is paid in rather than when pensions are paid out. In addition, there were a number of other small sources.

Financing tax relief for those employed by cutting expenditures on social transfers for the disabled, the unemployed, social assistance recipients and (some) pensioners is unusual for a Social Democratic government. The important aspect here, however, is de-universalisation. At this point, the tax reform included:

- Means-testing of child benefits
- Change of the indexation of social transfers (from 2016)

Means-testing of child benefits was mostly a symbolical. It applied only to parents with (individual) incomes around two times an average worker and provided very small revenue.

This is the only instance of targeting that enjoys support in the Danish population, and curiously, the Socialist People’s Party has always favoured it – the party has often preferred targeted arrangements leaving the rich out from universal arrangements. As to effects, impact on fertility is negligible; impact on composite marginal taxes affect too few people to be important; but in relation to global competition over highly qualified people it is disastrous. It has been a strong priority in Danish politics to avoid brain drain and to attract highly qualified young people to the country by means of economic incentives. The means-testing of child benefits is so to speak targeted on this group and adds insult to injury as it affect people with quite moderate income if income is unevenly distributed. There is little doubt that it will be abandoned in due course – and doing so is easy – but a proposal by the Liberals to re-negotiate this part was refused by the Social Democrats and the Socialist People’s Party in July 2012.

The modification of child benefits was a simple copy/paste from the British Conservative government (in the UK, the proposal was adopted by January 2013 and caused the Guardian to write the obituary of the welfare state (1942-2013). The copying included the strange aspect that unlike other means-tested benefits, this one was dependent on the income of the parent with the highest income rather than on household income.

If means-testing of child benefits is a simple faux pas likely to be repealed, the changed indexation of transfer incomes is likely to have long-term repercussions. As such, changing indexation is a widespread technique of retrenchment, well-suited for obfuscation. Using it for the purpose of financing tax cuts, and very openly, was more surprising.

Financing tax relief for those employed (mainly via an in-work benefit – once again emulated on the Anglo Saxon welfare states) via cuts in social security benefits is highly unusual. The Liberal-Conservative government had broken previous principles in the tax reform of 2003/04 by providing tax relief only for those employed. This was a novelty which few had expected to be taken further. But in 2012, it was combined with cutting the benefits of those receiving unemployment benefits, social assistance, sickness benefits, disability pension, etc. Most but not all ordinary pensioners were compensated for the decline in pensions by an additional allowance.

One might argue that the change from (in principle) full wage indexation to a cumulative deduction of some 5 per cent is a moderate cut. But the wage indexation had been a corner-
stone of universalism in Denmark since 1990, based on a compromise between nearly all parties, and unchallenged as a principle since then.

The indexation from 1990 means that unemployment benefits, early retirement allowance, social assistance, sickness benefits, benefits during maternity leave, disability pensions and old-age pensions are regulated by wages in the private sector.\(^\text{24}\) If wage increases exceed 2.3 per cent, 0.3 per cent are deducted and allocated to a special foundation for social purposes (“Satspuljen”).\(^\text{25}\) Technically speaking, the tax reform deducts a cumulative amount of some 5 per cent (long-term effect is calculated to 4.83 per cent) from this regulation in the years 2016-2023\(^\text{26}\):
- by 0.3 per cent in 2016
- 0.4 per cent in 2017
- 0.75 per cent in subsequent years

As regards old age pensioners, the amount that is saved is allocated to a “compensation supplement” that is added to the means-tested part of the old-age pension (“pension supplement”). In addition, the means-tested pension scheme for pensioners with the lowest incomes (“supplementary pension benefits” which is received by about one-quarter of pensioners) is not affected by the tax reform. In the long run, however, as labour market pensions mature, the compensation costs for the state are reduced. It also means that some of those employed who apparently receive a tax relief from the reform will pay a bit of the price in the shape of lower pension from the state in the long run.

In principle, a one-time cumulative cut of social transfer incomes by 5 per cent is not a revolution. It means that benefits will become less generous and somewhat less adequate in the future. Still, the indexation has been a cornerstone in guaranteeing income adequacy for more than 20 years, and it has remained unchallenged politically until 2012.

At any rate, it constitutes a deterioration of universalism. In the longer run, there could be a strong temptation to introduce similar rules after 2023. Politically and psychologically, it is easier when it has already been done once. This was actually what was seen in New Zealand a couple of decades ago (Starke, 2008).

\(^\text{24}\) More specifically by annual wage after pension contributions (shorter working hours and higher pension contributions was not compensated). Annual wage increase is calculated as the weighted sum of wage increases for workers and for white collar workers (“funktionærer”). Technically, being based on fixed weights, the regulation omits the effect of an increasing proportion of white collar workers, that is, the part of wage increases that derives from higher qualifications, is not fully calculated in. This seems to provide some 0.2 per cent “under-compensation” annually.

\(^\text{25}\) This has actually provided an incentive for all parties to maintain this indexation since most parties are able to find financing for some “pet projects” in the annual negotiations over the allocation of money from this fund. If wage increases are below 2.0 per cent, there is no money for the fund (technically wage increases over 2.0 per cent, but a maximum of 0.3 per cent are deducted).

\(^\text{26}\) As there is a political compromise over the current indexation, the change could (according to informal standard operating procedures of the Parliament) only be implemented after the next election which is to take place by Sep. 2015 at the latest.
Further ideas?

This could look like an overture to a more far-reaching change along Anglo-Saxon principles, and it was probably also intended this way. In the spring of 2012, the Social Democratic party initiated a debate in the party organisation about principles of welfare for a new 2032 programme (to be adopted in the autumn of 2012), openly challenging the principle of universalism in favour of targeting. As pointed out by two Social Democratic MPs, the reforms and the party debate were logically linked (Jyllands-Posten 31.May 2012), but it remains uncertain whether there was a “master plan” behind. At any rate, the members protested quite loudly and managed to get the principle of universalism underlined in the document, even though some “exit opportunities” were left in the text. In practice, the government will probably not feel constrained by the document, but at least it became obvious that this was a sensitive point among party members.

It also remains uncertain whether the government and the Social Democrats will take any further moves. Being punished in the polls to an unprecedented degree in its first year (and losing about one half of their combined support in the polls from July 2011 to July 2012), one would expect party leadership of the Social Democrats and the Socialist People’s Party to pull back on the ambitions. But the government seemed quite resilient to voter reactions in its first year, and in the Socialist People’s Party (among the elected representatives) there is a quite long tradition of believing that targeted benefits would provide more redistribution than universal, flat-rate ones.

The 2032 pamphlet that was sent to party members in the spring 2012 presented the challenges and asking the member associations to come up with proposals. This was a party document with a rather unusual rhetoric for a Social Democratic party. In the headline it referred to “the necessary and difficult priorities that have to be made as regards welfare”. Referring to the increasing number of old people and “insatiable needs” of the population, the discussion paper stated that there was a danger of demand overload, and it referred to four great challenges. The first two challenges were phrased: (1) “Can we afford universal welfare benefits?”, and (2) “Have we found the right balance between rights and duties?” (Socialdemokraterne, 2012: 1).

Having argued (from very formal criteria) that the current welfare state is not as universal as it may look like27, the paper stated that “it is not the question whether our welfare society should be a purely universal model as it has always to some extent been a mix of different models”. Accordingly the question is “where we should draw the borderlines of the universal model”. It is argued that the motive for universalism is “to avoid shame” for those who receive help. But not everybody is in need of help from the public sector. Accordingly, “we will maybe have to distinguish between those who are in need and those who are not”, and people were invited to come up with suggestions for priorities, and for changes towards targeting or towards financing by social insurance (p.2).

The second part about right and duties referred to a “mentality of making demands” and to some surveys allegedly indicating that there is increasing acceptance of fraud.28 It fits with the discussion about universalism vs. targeting by implicitly introducing a distinction between the deserving and undeserving poor (p.3).

---

27 Unemployment insurance and early retirement allowance are described as non-universal because they are based on membership and insurance contributions.

28 This includes a survey conducted by the author which was apparently not read since the findings were rather the opposite.
In short, the discussion paper had a strong flavour of liberal welfare state ideals. Now, this was only a discussion paper, and it seems unlikely that the party members will accept it. But it does indicate that within the Social Democratic party leadership, transformative change is considered, perhaps inspired by the liberal turn of New Labour in the years of Tony Blair.

Political suicide?
To say the least, the tax reform was not welcomed among voters, according to the polls. The government managed to launch its tax reform very successfully in the media as it sliced the elements from the reform and distributed it to individual news media. This way, it completely dominated the media agenda for 3-4 days and had the media present the reform very much as the government had wanted it. None the less, the reaction in the polls was a 4 per cent decline in support for the governing parties (average for the four polls conducted in the first week after the presentation as compared to the polls by the same institutes right before the reform proposal). When the compromise was finally adopted, a further decline of two per cent was measured, and the average support for the left socialist Unity Party (some 13 per cent) approached the support for the Social Democrats (some 16-17 per cent). The majority of voters supported the parties to the right.

In other words, the reform endeavours seems to have sent voters both left and right. The Social Democrats and the Socialist People’s Party have remained unusually resilient to these voter reactions, seemingly believing that having accomplished the “unpopular” parts of the plan for the government, the government would benefit from the more “popular” elements, and in particular from the economic upswing that is envisaged. As to the latter, there is actually no straightforward connection between economic performance and support for government in the Scandinavian countries (Goul Andersen & Hansen, 2013), but at any rate an almost suicidal trend in the polls usually makes parties reluctant to continue along the same path and adopt even more far-reaching changes. This remains to be seen, but one would guess that a welfare state revolution is likely to be abandoned if it was ever the plan. On the other hand, there have so far been no indications of regret.
7. Social and Competitive Advantages of Universalism

Other things being equal, the universal model would logically appear more expensive than the others. But in practice, this is not the case. OECD has systematically tried to correct for all problems of comparability, not least in taxation. The conclusion usually is that social expenditures are higher in countries like Belgium, France, and Germany, as compared to the Scandinavian welfare states (Adema & Ladaique, 2009). There is no dispute that the Liberal model is cheaper. However, the difference in net public expenditures between the Scandinavian and the British welfare state is surprisingly small (Table 1). Moreover, if we add public and private net expenditures, we find Denmark, Finland and Norway occupying the lowest positions on the list whereas UK and the USA moves up to a rank of number 4 and 6, respectively.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweden</td>
<td>34.6</td>
<td>27.3</td>
<td>29.3</td>
<td>5</td>
</tr>
<tr>
<td>France</td>
<td>33.8</td>
<td>30.4</td>
<td>33.6</td>
<td>1</td>
</tr>
<tr>
<td>Denmark</td>
<td>31.9</td>
<td>24.1</td>
<td>25.7</td>
<td>10</td>
</tr>
<tr>
<td>Austria</td>
<td>30.6</td>
<td>24.9</td>
<td>26.5</td>
<td>8</td>
</tr>
<tr>
<td>Germany</td>
<td>29.9</td>
<td>28.1</td>
<td>30.2</td>
<td>3</td>
</tr>
<tr>
<td>Belgium</td>
<td>29.9</td>
<td>26.2</td>
<td>30.3</td>
<td>2</td>
</tr>
<tr>
<td>Finland</td>
<td>29.8</td>
<td>23.5</td>
<td>24.4</td>
<td>11</td>
</tr>
<tr>
<td>Italy</td>
<td>28.8</td>
<td>24.8</td>
<td>26.6</td>
<td>7</td>
</tr>
<tr>
<td>UK</td>
<td>24.3</td>
<td>21.9</td>
<td>21.2</td>
<td>12</td>
</tr>
<tr>
<td>Norway</td>
<td>24.1</td>
<td>19.3</td>
<td>25.8</td>
<td>9</td>
</tr>
<tr>
<td>Netherlands</td>
<td>23.6</td>
<td>19.3</td>
<td>25.8</td>
<td>9</td>
</tr>
<tr>
<td>USA</td>
<td>17.1</td>
<td>18.4</td>
<td>27.2</td>
<td>6</td>
</tr>
<tr>
<td>OECD-26</td>
<td>23.6</td>
<td>20.8</td>
<td>23.3</td>
<td></td>
</tr>
</tbody>
</table>

Source: Adema & Ladaique (2009).

This is just to clarify one of the premises, however. In Figure 3 we have summarized some of the standard arguments in favour of universalism. In the first place, there are normative arguments: As a natural point of departure, the state should treat all citizens with “equal concern and respect” (Rothstein, 1998). Unless there are obvious counter-arguments, the state should treat its citizens equally. Whereas this is a matter of “good governance”, another normative argument is social cohesion: In a universal welfare state everybody is subject to the same rules and is granted the same social rights. This contributes to a feeling of “being in the same boat” and, by implication, to social cohesion. Next, if social security is targeted to the poor, this tends to be associated with stigmatization. And finally, it may be argued, with some justification, that residualism tends to penalise “responsible” behaviour: If people manage to secure a small saving, they will often find that they are not eligible for public support. To be sure, there are corresponding arguments in favour of residualism: As far as possible, people should be responsible for their own well-being and security, and a generous welfare state will tend to produce “demanding”, self-centred citizens.
We do not have much evidence, however, that this sort of individualism without concern for the common good is produced by the welfare state.

When it comes to equality arguments, these could in principle be put to an empirical test. Whereas residualism could be justified by the “Robin Hood argument” of “taking from the rich and distribute to the poor”, all available evidence show that residual welfare states provides the least redistribution and universal welfare states the most. In the first place, a larger share of the gross domestic product is used for redistribution in a universal welfare state. Besides, providing resources for the poor enables them to participate in politics and defend their interests; other things being equal, social inequality may reproduce itself via inequality in political participation and political influence. Moreover, the more recipients of social assistance are different from those who pay, the easier they are considered “undeserving”. In a universal welfare state, recipients are in principle the same people as the majority, only at another stage in the life cycle, or being exposed to a social risk that could, in principle, affect everybody.

Figure 3. Different types of arguments in favour of universalism.

<table>
<thead>
<tr>
<th>Normative arguments</th>
<th>1. All citizens should be treated equally unless there are obvious arguments against</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2. “All in the same boat”. Providing same conditions for all citizens contributes to social cohesion</td>
</tr>
<tr>
<td></td>
<td>3. Welfare for the poor leads to stigmatization</td>
</tr>
<tr>
<td></td>
<td>4. Residualism tends to penalise “responsible” behaviour</td>
</tr>
<tr>
<td>Equality arguments</td>
<td>1. Universalism provides maximum redistribution as compared to residualism</td>
</tr>
<tr>
<td></td>
<td>- more money for redistribution</td>
</tr>
<tr>
<td></td>
<td>- breaks the “evil circle” of social and political inequality</td>
</tr>
<tr>
<td></td>
<td>- welfare recipients are seen as more deserving</td>
</tr>
<tr>
<td>Efficiency arguments</td>
<td>1. Residualism gives “perverse incentives”, fraud incentives and opportunities</td>
</tr>
<tr>
<td></td>
<td>2. Market conformity: Residualism may generate too high effective marginal taxes</td>
</tr>
<tr>
<td></td>
<td>3. Residualism is administratively complex</td>
</tr>
<tr>
<td></td>
<td>4. Residualism tends to generate much control</td>
</tr>
<tr>
<td></td>
<td>5. Universalism is more transparent; contributes to social capital</td>
</tr>
<tr>
<td>Pragmatic arguments</td>
<td>1. Redistribution over the life course is efficient (piggy bank)</td>
</tr>
</tbody>
</table>

As regards economic efficiency arguments, some economists may be concerned with the distortions of market efficiency which any kind of tax or regulation tends to produce. However, most would also recognize the market conformity of universalism. In the first place, it is often argued that residualism tends to provide “perverse incentives”, that is, to appear as deprived and helpless as possible in order to obtain public support targeted at the poor. Besides, means-testing of social benefits and services interact with marginal taxes and may sometimes produce excessively high effective marginal taxes, occasionally exceeding 100 per cent. Targeting also tends to be administratively complex, even though modern techniques often makes it much easier than previously to calculate the exact entitlements when people receive means-tested benefits. At any rate, however, opportunities and incentives of fraud are more widespread as regards residual welfare programmes, and this tends to swallow quite some resources for control. Finally, it is relatively well-documented that universal schemes are more transparent and tend to generate more social trust, or “social capital” facilitating cooperation and reducing transaction costs in society.
Finally, there are quite a few **pragmatic arguments** that redistribution over the life course may be economically efficient (Barr, 2001), and relieve people of much trouble. This also serves to explain why protests against taxes are seldom seen in universal welfare states.
8. Conclusions

Defining universalism has become a complicated matter in welfare states with emphasis on services, and with a variety of public/private welfare mixes. It is easy to understand why scholars generally refrain from this. Briefly stated, we may still do with a five-point definition of universalism:

1) Social rights and explicit rules.
2) Including in principle all citizens for whom it is relevant; inclusive.
3) Financed by taxes (rather than social contributions).
4) Support for everybody, no one excluded (but “targeting within universalism” possible)
5) Adequate support (cash benefits sufficient to maintain full citizenship, best service available)

This applies to transfers as well as services. The biggest problem comes with mixed systems like the Ghent System or multipillar pensions. From a classical institutional definition we would have to conclude that the mixed economy of welfare means the end of universalism. However, this would seem misleading if such arrangements provide more or less equivalent results. Alternatively, we may stretch the concepts a little bit by using outcome measures as a key criterion. Inclusiveness (criterion 2) remains important – the decisive question from an outcome perspective is how large a proportion of the relevant target group that is excluded from receiving benefits.

In Denmark occupational pensions, fully funded and based on contributions, are quasi-mandatory. Coverage comes close to being universal, and compensating contributions have been introduced for the unemployed. As universalism has always been mostly a matter of degree, it would not seem impossible to classify such multipillar pension systems according to their affinity with ideal-typical universalism.

From a classical perspective we would have to classify the Danish pension system as an increasingly residual system as the state financed pillar(s) have become increasingly targeted. However, if we consider the outcome, and if we consider the interplay between pillars, we obtain a completely different picture. The system does not comply with the third criterion (tax financing), but it comes close to providing support for everybody; the interplay between pillars ensure adequacy (about the highest minima to be found anywhere); and the multipillar system seems to provide about the most equal income distribution among pensioners to be found anywhere. In short, one would have to conclude that the system comes pretty close to satisfying the most important dimensions in the definition of universalism.

Specific welfare schemes must be considered more or less universal rather than universal/non-universal. The key political question is how specific schemes are becoming more or less universal de facto in terms of inclusiveness (here 2+4) and adequacy, including in particular adequacy for the poorest.

It should be added, though, that mixed systems may be more inherently unstable than pure universal systems in the classical sense, i.e. purely state financed and state administered
schemes. Mixed systems often bring new actors into the arena, and such actors will tend to pursue their own interests. This may change the rules of the game at a later point of time. Besides, in mixed systems, some groups will depend entirely on state welfare. They may more easily become subjects to cuts in benefits than more comprehensive groups. If the coalition behind the basic security consists of groups with small socioeconomic resources, they will be much less able to mobilize an opposition to cuts in benefits, and the narrower this groups becomes, the more likely it is to be considered less “deserving” since it may deviate more from the population at large.
References:


