

The Relationship Between Government Welfare Policies and Employment Rates: An In-Depth Analysis

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Abstract:

This study examined the effects of social programs implemented by governments in China, the US, and Norway on employment rates. Welfare policies are essential for mitigating the problems of unemployment, poverty, and social inequality that the government faces and for fostering social stability. Using case studies and empirical data, this study uses a comparative analytical approach to investigate how various welfare regimes impact job results. According to the study's findings, employment has decreased in China even while social spending has increased steadily. This might be because of a lag between the country's economic transformation and the execution of its policies. Although welfare spending has expanded dramatically in the United States, employment growth has been modest, implying that welfare dependency may worsen rather than provide work prospects. Conversely, Norway's welfare system is distinguished by substantial worker support and high social spending, both of which are positively connected with growth and stability in employment. The study concludes that, although welfare policies are essential to social security, their formulation and execution need to be carefully considered in order to encourage employment and prevent unforeseen outcomes like dependency or decreased labor force participation. The significance of welfare system optimization in promoting social justice and economic stability while attending to the needs of disadvantaged populations is emphasized by this study.

Keywords: Social welfare, employment rate, government policy

1. Introduction

The concept of "welfare" comes from the words "well" and "fare," with "well" referring to a state of being and "fare" originally meaning a journey or arrival, but later also the provision of food [1]. Throughout history, the term "welfare" has been associated with happiness and prosperity, but its contemporary meaning developed in the 20th century [1]. In contemporary society, government welfare policies constitute a significant element of the national economic and social security system. Rapid globalization and structural shifts in the economy have left nations grappling with a growing number of intricate social problems, such as unemployment, poverty, and social inequality. Government welfare is designed to tackle these problems and promote social development and stability by providing the required financial support and social services. Generally speaking, "government welfare" refers to the financial assistance and services that local or national governments offer to its constituents in order to satisfy their fundamental requirements, such as housing subsidies, social security payments, and unemployment benefits. To ensure that residents have access to the essen-

tials of life in the case of old age, disease, or unemployment, Social Security also includes medical insurance and pensions, among other types of aid. Government funds are used to offer housing subsidies, which are intended to help low-income families have a safe and stable place to live. These welfare programs lessen social inequality and development in addition to directly supporting people's and families' financial needs. Welfare programs can aid in lowering crime rates since the primary causes of crime are poverty and a lack of fundamental necessities.

2. Changes in welfare systems between different countries

2.1 Chinese Welfare System

Over the past few decades, the Chinese welfare system has seen significant changes, especially after the reform and opening-up policy was put into effect in 1978. At first, social security was mostly dependent on state-owned businesses that provide workers' fundamental benefits like pensions and health insurance. But when a market economy emerged and urbanization picked up speed, this paradigm started to demonstrate its limits. Zhong [2] observes

that China's welfare system has developed significantly since the reform and opening-up, with the government realizing the need to create a more comprehensive and efficient social security framework to meet the nation's expanding social demands.

In order to establish a multi-tiered social security system, the Chinese government has put in place a number of legislative measures. It encompasses, among other things, social assistance, health insurance, unemployment insurance, and pension insurance. In addition, Wang highlights how the welfare state's development represents a distinct fusion of socialist ideas and market-oriented changes [3]. Together with concentrating on economic expansion, the government has been progressively refocusing on social fairness with the goal of lowering income disparity and the gap between urban and rural areas through changes in policy. Both the scope and quality of social security have steadily improved in recent years as a result of increased government funding, especially in rural areas.

The Chinese welfare system still has a lot of obstacles to overcome. First of all, there is still a sizable social security gap between rural and urban communities, with assistance amounts being greater in metropolitan areas. In addition, the problem of an aging population is becoming more urgent, putting tremendous strain on the healthcare and pension systems. Zhong notes that in order to ensure that the social security system can adjust to the constantly shifting socio-economic environment, China must prioritize justice and sustainability in future policy-making [2]. The government's endeavors are manifested not only in the development of policies but also in the judicious distribution and application of social security revenue to augment aggregate efficacy and equity. In conclusion, the Chinese welfare system has come a long way since reform and opening-up, but there is still need for thorough investigation and advancement in the areas of coverage, equity, and sustainability. This set of changes lays the groundwork for future social security policy by addressing economic development and pursuing social equality.

2.2 The Welfare System in the United States

The welfare system in the United States has had some noteworthy modifications, and its evolutionary trajectory differs significantly from China's. A significant turning point in American welfare policy was the "Great Society" movement of the 1960s, when the government started to widely extend the social safety net to include housing, healthcare, and education. According to Mink, the reforms of this era demonstrated a commitment to social justice as they sought to reduce social inequality and poverty by government action [4]. But as social attitudes and economic circumstances changed, the American welfare sys-

tem also underwent a number of reforms.

Another pivotal point in US social policy was marked by the social Reform Act of 1996. The Personal Responsibility and Work Opportunity Reconciliation Act, which sought to lessen reliance on welfare and promote employment, was put into effect as a result of this act, which placed an emphasis on the integration of work and welfare. O'Brien points out that while this reform did create discussions about rising poverty rates and inadequate social protection, it also somewhat increased employment [5]. The fundamental component of this reform is the policy guidance that helps beneficiaries better understand their value and integrate into the job market.

State policies also have a big impact on the U.S. welfare system, which makes it diverse and complex in different states. O'Brien goes on to say that this fragmented structure creates difficulties for the integration of national policy in addition to reflecting the variety of American culture [5]. Because each state has its own welfare policy, some may be able to enact more generous programs, while others may have to reduce payments because of financial limitations. To some extent, this mismatch makes social inequality worse.

The U.S. welfare system faces significant issues in the current socioeconomic climate, such as rising healthcare expenses, growing income inequality, and the sustainability of social security funding. Thus, even though the US has achieved some progress in welfare reform, a more egalitarian and long-lasting social security system will need striking a balance between fostering employment and guaranteeing a minimum standard of living.

2.3 Norway's Welfare System

Since it was established in the early 20th century via a series of changes aimed at creating a universal social welfare framework, Norway's welfare system is considered to be among the most sophisticated in the world. With a focus on social equality, the welfare system in Norway offers a wide range of public services, such as free healthcare, free education, and generous maternity leave laws. Norway's welfare system is well known for its comprehensiveness and dedication to social equality, as noted by Kildal [6]. Through social insurance and taxes, the Norwegian government ensures that all citizens have access to high levels of social security and basic requirements.

But in response to the problems brought about by an aging population, the Norwegian government is looking into long-term social reform. According to Harsløf and Fenger, the Nordic welfare model is frequently cited as an effective illustration of a welfare system that strikes a balance between social equality and economic efficiency [7]. The Norwegian government has realized in recent years that

changes to the country's economic and demographic landscape are required. To guarantee the longevity and effectiveness of the welfare system, the government is actively looking for creative alternatives.

In addition to guaranteeing sustainable economic growth, Norway's welfare system is particularly focused on promoting social justice and inclusion. Norway is able to adjust to social and economic developments while maintaining a high level of welfare benefits because of its well-balanced approach. While Norway's welfare model is well regarded across the world, it will have several obstacles in the future to sustain current welfare levels, including managing budgetary constraints and resolving concerns related to the aging population. Overall, because of its strong dedication to social equality and careful study, Norway's welfare system offers insightful information about welfare programs around the world. However, in order to maintain the long-term viability and resilience of its welfare system, Norway must constantly optimize it as the country's socioeconomic conditions change.

3. Exploring the Positive and Negative Effects of Government Welfare On Employment Rate

Discussions on government assistance programs have long been common among social scientists, policy officials, and economists. It is important to comprehend the impact of welfare programs on employment rates in order to effectively tackle contemporary economic and social issues. In addition to outlining potential answers to current problems, this essay will investigate the dual effects of government benefits on employment and provide a structured study technique.

3.1 Research Questions and Objectives

This study's primary inquiry is: What impact does government benefits have on employment rates? How do welfare programs affect the labor market dynamically? The objective is to examine the effects of welfare programs—both positive and negative—on employment by analyzing a range of case studies and empirical data.

3.2 Journals Reviewed

Several viewpoints on the connection between welfare and employment may be found by reviewing the body of current literature. Welfare programs, for instance, may improve employment by offering financial security, according to certain research. Moffitt [8] said that “unemployment benefits can serve as a bridge for individuals to transition during the job search process, enabling them to find better job opportunities without financial pressure.” According to this argument, perks can help job search-

ers and eventually result in a more active labor market. Conversely, some research has highlighted the possible negative aspects of welfare policies. Kearney and Turner [9], for instance, make the case that “generous welfare provisions may have negative incentives for individuals seeking employment,” particularly in sectors with low wages. This phenomenon—which is also known as “welfare dependency”—may result in a decline in the labor force participation rate because recipients of aid may find it more beneficial financially to remain on it than to take low-paying employment.

3.3 Case Study

Determining the influence of welfare on employment can be better understood by examining individual case studies. For instance, the introduction of the Earned Income Tax Credit (EITC) in the US has been linked to a rise in the employment rates of low-income households. According to Meyer and Rosenbaum, “EITC is very effective in encouraging labor participation among single mothers, significantly reducing poverty while increasing employment rates.” This example shows how welfare measures that are specifically targeted can have a favorable effect on job results [10]. Conversely, a closer look at the welfare states of other European nations tells a different tale. Some academics think that in nations like Sweden where welfare benefits are plentiful, certain communities' unemployment rates rise as a result of these advantages [11]. It was noted by Lindbeck et al. that “high replacement rates in welfare systems may inhibit job seeking efforts, especially among young workers.” This demonstrates the intricacy of welfare's effect on employment and suggests that assistance programs' layout plays a critical role in deciding how successful they are.

3.4 Potential Solutions to Current Economic and Social Issues

To solve the problems created by social programs, creative solutions are required. Optimizing welfare policy is one possible strategy to strike a balance between providing help for individuals and encouraging work requirements. In order to effectively reduce reliance while promoting employment, for example, “Welfare transformation projects that combine financial assistance with vocational training and placement services” [12].

A tiered welfare system may also be implemented by policymakers to modify benefits according to employment status. People may be encouraged to look for work as a result of this without being concerned about losing important support. Reducing benefits gradually can facilitate a smoother transition to the job market and lessen the detrimental incentive effects of traditional welfare programs

when income rises [13].

Table 1. Employment and government spending in China, the United States, and Norway

	2014	2015	2016	2017	2018	2019	2020	2021
Chinese social expenditure to GDP (%)	9.3	10.06	10.38	11.36	10.85	11.02	12.02	12.65
Chinese employment(M)	763.4	763.2	762.45	760.58	757.82	754.47	750.64	746.52
USA expenditure(b)	200	250	300	350	400	1200	600	500
USA employment(M)	145	145	150	150	155	155	140-130	150
Norway employment(k)	2600	2650	2675	2700	2725	2750	2680	2730

Table 2. Norwegian government expenditure

Attachment to the Labour Market for Recipients of Selected Welfare Benefits (per cent)	2006-2010 (%)	2009-2013 (%)	Change (%)	Attachment to the Labour Market for Recipients of Selected Welfare Benefits (per cent)
Long term sickness benefit recipients in the sickness benefit period with no work during the next five years	23.6	20.8	-2.8	Long term sickness benefit recipients in the sickness benefit period with no work during the next five years
Recipients of disability benefit who worked the following year	17.2	17.3	0.1	Recipients of disability benefit who worked the following year
Recipients of economic social benefit with more than 0 working hours during the period	36	34.6	-1.5	Recipients of economic social benefit with more than 0 working hours during the period
Recipients of work assessment allowance (AAP) who worked one year after exit from AAP	-	48	-	Recipients of work assessment allowance (AAP) who worked one year after exit from AAP

4. The Relationship Between Welfare and Employment

4.1 In China

According to the Table 1, the proportion of China’s social expenditure to GDP gradually increased from 9.3% in 2014 to 12.65% in 2021. This growth reflects the Chinese government’s increasing investment in social security and welfare. Higher social spending typically means increased support for vulnerable groups, which may have a direct impact on the job market.

However, despite the increase in social spending, the number of employed people in China is showing a downward trend. From 763.4 million in 2014 to 746.52 million

in 2021. This phenomenon may be related to China’s economic transformation, industrial restructuring, and the impact of the epidemic. Especially in 2020, due to the impact of the epidemic, the number of employed people decreased to 750.64 million, indicating the direct impact of economic pressure on employment.

Specifically, from 2014 to 2021, despite the continuous increase in social spending, there was a significant decline in the number of employed people. This indicates that although welfare expenditures are aimed at improving social security to some extent, their promoting effect on actual employment has not been as significant as expected. This contradictory phenomenon may stem from the following reasons: firstly, the Chinese economy is under-

going structural transformation, and there is a certain time lag between the decline of traditional industries and the rise of emerging industries; secondly, the implementation of policies may not effectively cover all groups in need, resulting in some groups still facing employment difficulties.

4.2 In the USA

From the Table 1, welfare spending in the United States also showed significant growth between 2014 and 2021. From \$20 billion in 2014 to \$50 billion in 2021, especially reaching a peak of \$120 billion in 2019. The increase in this expenditure may be related to government policies in areas such as social security, healthcare, and unemployment benefits.

On the contrary, the employment situation in the United States remained relatively stable during the same period, increasing from 145 million to 150 million. Despite a significant increase in expenditure, the growth rate of employment is not significant. This may indicate that a simple increase in expenditure has not effectively transformed into employment opportunities, but may instead lead to an increased dependence on welfare.

Specifically, in 2019, welfare spending in the United States reached \$120 billion, but the change in employment was relatively slow, increasing from 145 million to 150 million. This data reveals that although welfare expenditures have significantly increased in absolute terms, their effect on improving overall employment rates is not significant. This may be related to the design and implementation of welfare policies, especially in terms of how to effectively incentivize beneficiaries to re-enter the labor market, and there is still room for improvement.

4.3 In Norway

The relationship between Norway's job market and welfare spending appears even more complex. According to table 1, the number of employed people in Norway remained relatively stable between 2014 and 2021, increasing from 2,600 thousand to 2,730 thousand. This growth is closely related to Norway's high social welfare expenditure, and Norway's social security system provides good support for workers.

Norway's sustained investment in welfare spending, particularly in healthcare, education, and unemployment benefits, may be one of the reasons for its strong job market performance. Although specific expenditure data is not listed in the chart, it can be inferred that Norway's high welfare policies have effectively promoted employment stability and growth.

According to the table 2, the performance of welfare beneficiaries in the labor market in Norway is also worth pay-

ing attention to. Data shows that from 2006 to 2010, the proportion of recipients of long-term sick leave benefits who did not work in the following five years was 23.6%, while from 2009 to 2013, this proportion decreased to 20.8%. This indicates that although welfare expenditures have increased and the employment situation of some beneficiaries has improved, further efforts are still needed to increase the overall employment rate.

Specifically, Norway's welfare policies promote the healthy development of the labor market by providing better social security. Between 2014 and 2021, the number of employed people in Norway gradually increased from 2,600 thousand to 2,730 thousand, demonstrating a positive interaction between welfare expenditures and employment growth. This situation is in stark contrast to the situation in China and the United States, where the latter has failed to effectively increase employment rates while increasing welfare spending.

5. Analysis of the Relationship between Data

Through the analysis of welfare expenditure and employment data in China, the United States, and Norway, it can be seen that the situations in the three countries are different. The contradiction between China's social expenditure and employment reflects the failure of welfare policies to effectively translate into employment opportunities during the process of economic transformation. The situation in the United States shows that despite increased spending, weak employment growth may lead to increased dependence. The high welfare expenditure and stable growth in employment in Norway indicate that good social security can effectively promote the healthy development of the labor market.

Specifically, although welfare spending in China is increasing, it has not effectively promoted employment and has instead caused a contraction in the job market in some cases. Although welfare spending in the United States has increased in absolute terms, it has not significantly improved employment conditions, reflecting the need for further evaluation of the effectiveness of welfare policy implementation. Norway's high welfare policy effectively promotes the stability and growth of the job market by providing better social security.

6. Analysis

Research has shown that government positions typically provide higher job security, which is an important consideration for many job seekers. The tasks and projects involved in government work often have public significance and can attract those who wish to contribute to society.

Although salaries may not be as high as in the private sector, benefits and stability play a key role in attracting employees. This attraction directly affects job seekers' choices and employment rates, especially during periods of high economic uncertainty [14]. In the context of economic turbulence or recession, job seekers tend to prefer positions that provide stable employment to ensure their own and their families' economic security and quality of life.

The structure and contents of welfare packages, however, cannot be disregarded, even though high pay is a key component in luring workers. In different occupational categories, different benefits—such as health insurance, pension schemes, and paid time off—may produce distinct attractions [15]. For instance, employees may value flexible work schedules and mental health support more in high-pressure industries like technology and healthcare than in education or non-profit organizations, where paid leave and solid retirement benefits may be more appealing. Because of the wide range of demands, businesses are forced to be more adaptable in creating welfare plans that satisfy the needs of many worker types, which raises employee loyalty and satisfaction.

Furthermore, through incentive programs, unemployment benefits encourage jobless individuals' prospects for re-employment in addition to offering them a foundational level of financial support. Benefits for jobless people can lower their chance of long-term unemployment, which is important for the recovery of the economy. Welfare, on the other hand, can increase consumption and so foster economic expansion [16]. People without jobs are more likely to engage in consumption when they receive specific forms of financial assistance, which improves both their own quality of life and the nation's economy as a whole. Therefore, a key strategy for fostering sound economic development is the efficient administration of unemployment benefits.

The introduction of required benefits, however, may make firms more selective when hiring, which would have an impact on the total employment rate. Research has revealed notable distinctions in resource allocation and employment effect between welfare supported through public projects and welfare that is mandated [17]. Mandatory benefits might influence hiring and compensation decisions made by businesses, which would change the dynamics of the labor market. For instance, businesses may decide to hire fewer people as a result of having to pay more welfare expenditures, or they may decide to use more conservative pay practices, both of which have an impact on the employment rate as a whole. During economic downturns, this effect is more noticeable since firms tend to adopt more conservative recruitment tech-

niques in the face of uncertainty, which raises unemployment rates.

Public investment is considered an effective way to create employment opportunities, but its effectiveness is often negatively affected by government fiscal deficits. The role of political factors in employment policies cannot be ignored, and it is believed that government fiscal policies and welfare measures should complement each other to achieve long-term economic stability and employment growth [17]. During periods of economic prosperity, the government can create more job opportunities by increasing public investment, which can not only alleviate unemployment but also promote sustainable economic development. However, during economic downturns, fiscal deficits may limit the government's spending capacity, thereby affecting the scale and effectiveness of public investment. In this situation, the government needs to find a balance between controlling the fiscal deficit and promoting employment to ensure the healthy development of the economy.

Furthermore, by converting unemployment benefits into subsidies targeted at employers, companies can be incentivized to recruit more unemployed individuals, thereby effectively reducing the unemployment rate. Employment subsidies can not only increase the reemployment opportunities for the unemployed, but also promote overall economic growth. The challenges and obstacles that this policy may face include fiscal sustainability and social acceptance [18]. When implementing employment subsidy policies, the government needs to ensure fiscal sustainability to avoid burdening the future economy. Meanwhile, the level of acceptance of this policy by society is also crucial, and the effectiveness of the policy often depends on public support. If the policy fails to gain widespread recognition from society, it may face difficulties in implementation and even trigger social dissatisfaction.

Especially in terms of employment for young people, government mandated benefits such as unemployment compensation have also shown some impact. Research has found that these welfare policies have to some extent affected the labor force participation rate and employment choices of young people. However, mandatory benefits may lead to a decrease in the motivation of young people when seeking employment, especially in lower paying positions. Even when these advantages are meant to safeguard young people's fundamental needs, it is impossible to overlook any potential harm they may cause [18]. Therefore, in order to facilitate young people's seamless transition into the workforce, policymakers should take their unique requirements into account while developing assistance programs. Since young people are frequently just starting their jobs, a heavy reliance on welfare may

sap their drive and work ethic, which will hinder their ability to advance in their employment.

In conclusion, welfare measures have a complicated and multifaceted effect on employment rates. While guaranteeing the unemployed's basic standard of living, policymakers must take into account the possible effects of welfare measures on the job market. It is possible for the government to successfully raise employment rates, encourage economic growth, and accomplish sustainable social development by improving reemployment programs and optimizing the welfare system. Effective policies that safeguard employee rights and advance economic growth can only be developed once a thorough knowledge of the interaction between welfare programs and the labor market has been established. To guarantee the efficacy and justice of programs, future studies should keep concentrating on the dynamic shifts in welfare policies and their effects on various groups.

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