

Importing Workfare: Policy Transfer of Social and Labour Market Policies from the USA to Britain under New Labour

Anne Daguerre

Abstract

Britain's New Labour government has put welfare reform at the top of its political agenda. It has followed a radical "workfare" agenda in relation to labour and social market policies and no longer aims to secure full employment mainly through direct job creation or Keynesian demand management. Instead, it promotes equal opportunity for all based on a contract between benefits claimants and the employment service. The New Deal is at the heart of British activation programmes for the unemployed. American policy paradigms have influenced the design of the New Deal. Policy transfer in activation policies from the USA to Britain is due to institutional similarities in British and American welfare states on the one hand, and to the comparable structure of their labour markets on the other hand. The influence of the European social model on British labour market policies thus remains limited.

Keywords

Active labour market policies; Policy transfer; Policy paradigm; Welfare reform

This article addresses the following question: why are British policy-makers more influenced by American than by European ideas when confronted with the need to choose a model of active labour market programmes (ALMPs)?

Since 1997, the Labour government has made it clear that it is not only committed to tackling unemployment and poverty by redistribution through the tax and benefit system. Additionally, New Labour promotes the creation of an active welfare state which makes receipt of unemployment and social assistance benefits conditional upon participation in work-related activities. The New Deals for Young People (NDYP), the Long-term Unemployed and Lone Parents were to provide routes into work for the 20 per cent of working-age workless households. Welfare to Work, usually referred to as the

Address for correspondence: *Anne Daguerre, School of Social Policy, Sociology and Social Research, Cornwallis Building, University of Kent at Canterbury, Canterbury, Kent, CT2 7NF. Email: A.Daguerre@kent.ac.uk*

New Deal, represents the first real attempt to implement activation policies for the unemployed in Britain. The reforms involve a radical paradigm shift since they are based on a typically American “workfare” approach.

The OECD has defined the common principles that underlie all activation strategies:

First, they make receipt of benefits conditional on the benefit recipient demonstrating active job search and/or a willingness to take steps to improve employability. Second, they provide a range of pre-employment services and advice to help the individuals in question find work or get ready for work. (OECD 2002: 9)

However, ALMPs differ in terms of policy instruments: the use of compulsion versus voluntary programmes; the greater emphasis placed on longer-term human resource development rather than on immediate job placement (Gallie 2002: 116). The first group of ALMPs is based on the “human capital approach” (Lodemel and Trickey 2000) which aims to reskill the labour force in order to improve long-term employment prospects. This approach is generally associated with a greater use of voluntary programmes. It is more common in continental and social-democratic welfare states such as Sweden and Denmark, with the notable exception of Norway. By contrast, the second ALMP group rests upon the “work first approach”. Also referred to as the “labour market attachment approach”, it emphasizes rapid job placement regardless of the quality of the work and is more common in Anglo-Saxon countries. Typically, this approach makes benefit receipt increasingly conditional upon participation in work-related activities and is referred to as workfare.¹

The New Deal, New Labour’s flagship welfare-to-work programme is ambivalent: while it placed more emphasis on training than any previous policies, it also promoted compulsion for target groups. Nevertheless, the New Deal is clearly more marked by American than European ideas. Moreover, the redesign of the New Deal in 2001 indicated a greater move towards the compulsory “work first approach”. The case for the Americanization of British social policies is getting stronger in light of recent political developments.

This article provides two main explanations for understanding the process. First, drawing on the work of Ferrera (1998), Skocpol (1992, 1995) and King (1995), historical institutionalism helps us to understand why welfare policy has been given a low profile in the USA and Britain given the prevalence of a work ethic culture.² Second, it is argued that policy transfer is facilitated by the goodness of fit, that is a highly similar “receptor” environment in the fundamental nature of the labour market.

Models of Active Labour Market Policies in France, Scandinavia and the USA

Sweden

Active labour market policies have been a central feature of the Swedish social protection system since the creation of the Labour Market Board in

Table 1

Expenditure on active labour market policies as a percentage of GDP

	1993	1998
Sweden	2.97	1.97
France	1.25	1.30
UK	0.57	0.34
USA	0.43	0.34
EU	1.13	1.07

Source: OECD (2001).

Table 2

Expenditure on active labour market policies as a percentage of total spending on labour market programmes

	1993	1998
Sweden	51.8	50.4
France	29.2	36.7
UK	26.4	36.4
USA	26.1	41.4
EU	31.3	37.7

Source: OECD (2001).

1948. Economic expansion made possible the achievement of full employment and a generous income replacement level for unemployment benefits. During the past 30 years, labour was transferred from stagnating to prospering industries (Strah 1996: 96). The supply-directed ALMP was aimed to provide jobseekers with better qualifications through access to job-training activities and education programmes (Boesby *et al.* 2001). Benefits were paid in return for actively seeking work. The Swedish system is distinctive from other systems in that it combines strictly enforced demands with generous benefit levels and access to a wide variety of high-quality activation programmes.

The ratio between expenditure on active and on passive categories is highest in Sweden, where expenditure on training, employment incentives, integration of the disabled and other active measures is higher than expenditure for unemployment benefits and early retirement. Sweden remains the EU country which spends most on ALMPs as a percentage of GDP (see table 1). In 1998 expenditure on active labour market policies as a percentage of total spending on labour market programmes was very high, i.e. 50.4 per cent in 1998 versus 37.7 per cent for the EU (table 2). In 1999 Sweden had the highest share of the unemployed participants in training measures in the

EU, at 60 per cent (Eurostat 2002). Moreover, public expenditure on labour market training as a percentage of GDP was also high (table 3). Thus the human capital approach is at the heart of Swedish ALMPs.

France

Unlike Sweden, France is a latecomer to active labour market policies. In the 1980s, French employment policies sought to address the problem of social exclusion. Social exclusion refers to unemployment and the lack of a job, but also to chronic or repeated insufficiency of financial means, the lack of use of social, political and civil rights and the disruption of family ties (National Observatory 2002). While compliance with job search requirements can lead to cuts in unemployment insurance benefits, receipt of social assistance benefits is not conditional upon participation in work-related programmes. The minimum income for adults, the *Revenu Minimum d'Insertion* (RMI), introduced in December 1988, is typical of the French model, which emphasizes collective solidarity rather than individual responsibility (Choffé 2001). In contrast to the Income Support-based Jobseekers Allowance in Britain or the Temporary Assistance for Needy Families programme in the USA, receipt of the RMI is not conditional upon participation in work-related programmes. In fact, French legislators carefully avoid any identification with Anglo-Saxon workfare policies (Rees 2000).

Expenditure on active labour market policies as a percentage of total spending on labour market programmes was 36.7 per cent in 1998, close to the EU average (table 2). Expenditure on labour market training as a percentage of the GDP was lower than in Sweden but much higher than British or American expenditure (table 3).

The USA

There is no tradition of active labour market policies in the USA. However, active spending as a percentage of total spending on labour market programmes rose from 26.1 per cent in 1993 to 41.4 per cent in 1998. This increase was due to the introduction of work-related activities for welfare claimants as well as the provision of supportive services to remove barriers to paid employment such as lack of adequate childcare and transportation. The main target groups were the beneficiaries of Aid to Families with Dependent Children (AFDC), a small means-tested cash benefit originally designed to help single mothers look after their children. Spending on training was very low: 0.04 per cent of GDP in 1997/8 and 1999/2000 (see table 3), which reflects the emphasis on rapid labour market attachment rather than human resources development.

The promotion of employment in the 1980s followed a distinctively neo-liberal route. Self-sufficiency through paid work was the single governing principle of welfare reform.³ According to American writers such as Murray (1984) and Mead (1986), welfare dependency was the main social problem in the USA. Poverty was not the result of a shortage of jobs or social inequality. Instead, deprivation was due to behavioural problems. Jobs were available but the poor would not take them because they had a low work ethic.

Table 3

Expenditure on labour market training programmes as a percentage of GDP

	1997	1998	1999	2000
Sweden	0.41	0.45	0.48	0.31
France	0.34	0.31	0.28	n/a
UK	0.07	0.07	0.05	0.05
USA	0.04	0.04	0.04	0.04

Source: OECD (2001).

n/a = not available.

Table 4

Expenditure on training programmes for young people as a percentage of GDP

	1997	1998	1999	2000
Sweden	0.02	0.03	0.03	0.02
France	0.26	0.33	0.41	n/a
UK	0.12	0.12	0.13	0.15
USA	0.03	0.03	0.03	0.03

Source: OECD (2001).

n/a = not available.

Welfare dependency needed to be solved through a combination of sticks (financial penalties for lack of compliance with programme requirements) and carrots (tax credits such as the Earned Income Tax Credit).

One can distinguish two phases in the implementation of active labour market policies for single mothers. In the first phase (1988–1995), policies were based on a “human capital approach”. They emphasized training and education to enable single parents to acquire the skills needed for better jobs. This approach was central to the Family Support Act (FSA) in 1988. The FSA provided job search, work experience and training known as Job Opportunities and Basic Skills programmes (JOBS). Participation in the JOBS programme was mandatory (for an overview, see Gueron and Pauly 1991; Weaver 2000). However, in the early 1990s the JOBS programmes suffered from a lack of demonstrated efficiency: there was no compelling evidence that the higher-cost services were more successful than cheaper employability measures (Gueron and Pauly 1991). As a state welfare senior official in Pennsylvania explained:

“The Human Capital Model lost currency simply because of the money aspects. Prior to welfare reform, we were investing around nine to fifteen thousand dollars for

an individual per year. In exchange of this workforce model, we were willing to sacrifice the concept that education is the way to self-sufficiency.”⁴

In the second phase of American policy (1996–2000), reformers put a greater emphasis on rapid job placement, the “work first approach”, coupled with increased compulsion for welfare claimants. The Republicans launched a crusade against welfare dependency after capturing a majority in Congress in 1994. In August 1996 Congress passed new legislation, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). Temporary Assistance for Needy Families (TANF) replaced AFDC and obliged recipients to find paid employment as quickly as possible. Bill Clinton stressed that good-quality, affordable childcare for low-income families was crucial to the success of welfare reform. However, the federal government could not interfere in the administration of the TANF programme at the state level. Under AFDC, childcare services were guaranteed for working clients, those who took part in the JOBS programme or those who participated in an educational programme approved by each individual state. In contrast, TANF clients are no longer entitled to childcare services by virtue of states’ freedom in implementing welfare programmes.

TANF introduced a five-year time limit for receiving cash assistance. As pointed out by a federal officer in the Department of Health and Human Services:

“All States have this work first philosophy. They know that they have time limits, they need to move all these families from welfare to work. The time limits make a big difference.”⁵

The primary goal of welfare reform was to reduce the welfare rolls. AFDC rolls peaked at 14,225,591 in 1994. By June 1999, there were fewer than 6.9 million TANF recipients (Weaver 2000: 343). At the state and county level, the testimony of TANF recipients confirmed the prevalence of the work first approach to the detriment of training:

“If welfare trained you, the world would be a much easier place. Training is the number one problem. Lots of places do not want to hire you because they do not want to train you. You do not get a job and then they [the Welfare Offices] say they are going to take your check. It is easy to say ‘find a job’.”⁶

Welfare Reform in Britain: Towards an Increased Americanization of Policy 1995–2001

In the 1990s Britain adopted active labour market policies but remained a low spender on such programmes. Spending rose from 26.4 per cent in 1993 to 36.4 per cent in 1998 but remained below the EU average (see table 2).

As in other areas of British social policy—the Child Support Agency created in 1991 is directly inspired by the American model—American ideas provided a powerful source of inspiration (Holmwood 2000; Deacon 2002). More recent reforms continue to suggest policy transfer from the

USA to Britain during New Labour's second term. However, there are minor differences between British and American welfare reforms for three reasons.

Firstly, reform processes have been much more incremental in the UK than in the USA. Successive governments have adopted a tougher stance on the unemployed since the late 1980s but there is no British equivalent of the American PRWORA. The closest British equivalent to the TANF programme is the launch of the New Deal in 1997 (Deacon 2002: 103). The process of policy change is less ideological than in the USA. In the USA, the introduction of time limits—welfare recipients must be involved in work-related activities after two years on the welfare rolls—marked a watershed in American welfare. By contrast, there was no radical recasting of British welfare programmes under New Labour. Instead, there is a strong pattern of continuity between Conservative and New Labour social policies. Secondly, the New Deal's original focus was on youth rather than on single mothers. The NDYP was New Labour's flagship programme. Participation was compulsory for those who had been unemployed for more than 12 months. Thirdly, the New Deal for Lone Parents (NDLP) promoted a more positive activation approach, for instance by providing help with childcare costs. Participation in the NDLP was, and still is, voluntary. Although lone parents are expected to work, they do not face cuts in welfare benefits if they fail to participate in work-related or training activities. In sum, single mothers are strongly encouraged to work, but are not required to do so. By contrast, the American welfare legislation is much tougher on single mothers.

The original New Deal: half-way towards workfare?

One can distinguish two phases in the design and implementation of the New Deal. In the first phase (1994–8), New Labour tried to define a coherent doctrine driving active labour market policies. The initial design of the New Deal before the May 1997 general election showed that conflicting intellectual influences were at play. Lodemel and Trickey (2000) argue that the New Deals have a clear “human capital approach” with a strong emphasis on training. While some observers claim that British Welfare to Work is inspired by developments in Scandinavia, and Sweden in particular (Giddens 1998), others believe that the influence of the USA remains more important (Deacon 1997, 2001, 2002; King 1995; King and Wickham-Jones 1999; Prideaux 2001). In fact, competing policy paradigms were mixed in the design of the New Deal; it was more politically complex. Nevertheless, it represented policy transfer from the USA in terms of the diagnosis of the problem (welfare dependency), the proposed solution (the centrality of paid work) and the instruments (a greater use of compulsion).

In 1995–6, persisting worklessness at times of rising employment growth was a major cause for concern. Both the Conservative and Labour parties believed that the level of workless households was conspicuously high in light of Britain's improved employment performance. The Commission on Social Justice played an important role in the setting up of New Labour's agenda. The Commission supported the case for requiring lone and (other) mothers

of older children to be available for at least part-time paid work as a condition for receiving benefit (Lister 1999: 244). The fact that the welfare system trapped lone mothers on benefits with no incentive to take up paid employment became widely acknowledged (Lister 1999). The idea that voluntary programmes were no longer effective and failed to tackle behavioural problems was accepted by New Labour (Deacon 1997).

The other competing explanation for understanding worklessness was social exclusion. This paradigm emphasizes the structural barriers faced by vulnerable individuals in an increasingly selective labour market. It clashes with the notion of a dependency culture that holds individuals responsible for their own failure. Aware of this contradiction, New Labour tried to combine both explanations and emphasized the importance of self-help and employability while at the same time addressing the problems of poverty and social insecurity. New Labour's rhetoric oscillated between fighting a dependency culture with an emphasis on mutual obligations between the state and welfare recipients and solving the problem of social exclusion (Trickey 2000). The new political rhetoric claimed that the welfare state had created the conditions of welfare dependency, thus trapping low-income households, especially lone mothers, in poverty. The real way out of poverty was paid work.

The New Deal required, within the Labour Party, acceptance of compulsion, despite the opposition of the Old Left. It did not alter benefit rates, but considerably increased the conditionality attached to benefit receipt. A tougher stance on benefit conditionality had, according to influential economic theory, positive macroeconomic effects. The appointment of the economist Richard Layard as advisor to Labour's welfare-to-work programme was indicative of this thinking within the Labour Party (Clasen 2001).

The New Deal involves a combination of work incentives, compulsory training and work-related programmes for young people and the long-term unemployed, and the use of benefit sanctions in case of non-compliance. A compulsory scheme for all people between 18 and 24 years of age who had been unemployed and receiving benefit for six months or more, the NDYP was officially announced in the Labour Party manifesto in 1997. It had been designed by Gordon Brown, the Shadow Chancellor, and his advisors. As such, it represented a real innovation for the Labour Party. "Old Labour" traditionally supported voluntary welfare programmes and was very critical of compulsory schemes. The NDYP was very controversial within the Party and it involved a radical paradigm shift imposed by Gordon Brown on recalcitrant MPs (King and Wickham-Jones 1999: 270).

In Britain, single mothers were a cause for concern but the primary target group for activation programmes was youth unemployment. By contrast, in the USA the idea that black single mothers, the "Cadillac queens", as Ronald Reagan once called them, could drive luxury cars at the expense of the taxpayer was particularly repellent to voters. Criticism of welfare programmes had a strong racist and sexist dimension. However, the 1996 welfare legislation is more driven by puritan ideas than by openly racist assumptions. TANF aimed to promote work and marriage, reduce the incidence of out-of-wedlock pregnancies and encourage the formation and maintenance

of two-parent families. So extensive an agenda was never in New Labour's plans in relation to single mothers.

There are at present six New Deals:

- The New Deal for Young People (NDYP). There is a "gateway period" of four months' individual, intensive job search assistance. There is a target of 40 per cent obtaining unsubsidized employment during this stage. Others are transferred to one of four "options" which last six months. These consist of subsidized work in either the private or the public sector, participation in education or training and the option of becoming self-employed. Unlike previous programmes, the take-up of one of the four options is compulsory for all benefit claimants. If they do not participate, benefit sanctions are applied.
- The New Deal for Long-term Unemployed (NDLTU) is targeted at people aged over 25 who have been unemployed for more than two years. The programme consists of a period of intensive job reorientation followed by two options: subsidized employment and full-time education and training. Every New Deal participant is required to attend a series of advisory interviews at the Employment Service. Failure to attend can result in benefit being withdrawn for two or four weeks.
- The New Deal for Lone Parents (NDLP) consists of personal advice and assistance with job search and a limited training budget with associated childcare, and remains voluntary.
- The New Deal for Disabled People (NDDP) is targeted on all working-age disabled or sick claimants. It contains two elements. First, it provides personal adviser service. Second, it creates a series of innovative schemes to help sick and disabled people return to work.
- The New Deal for Partners of Unemployed (NDPU) consists of personal advice and assistance with work for the potential second earner in an unemployed household. It has also recently become compulsory for partners under 25 without children.
- The New Deal for the 55+ consists of assistance with job search and training, and is voluntary.

The second phase of the New Deal

The second phase (2001–2) of the New Deal began in New Labour's second term. The reforms reflect an attempt to move as many people of working age as possible into the labour market, as the Employment Green Paper, *Towards Full Employment in a Modern Society* (DfEE 2001) makes clear. This stage is influenced by American ideas in three major ways.

Firstly, the government is promoting a "work first approach". The overarching goal of welfare reform in 2001 is to

transform a passive benefit system into an active welfare state . . . There are still many people who are on benefit when they could be working. We believe that nobody should be written off or be allowed to write themselves off. (DWP 2001: 73)

When announcing the creation of “Jobcentre Plus”, a single gateway service for all benefit claimants, the Secretary of State for Work and Pensions, Alistair Darling, declared:

Why are we setting up Jobcentre plus? The main reason is so we can provide everyone with the help they need to get into work, or if they lose their job—to get back as quickly as possible. It is a work first approach. (DWP 2002)

Secondly, the decision to establish a single point of service to all benefits claimants, *Jobcentre Plus*, is at least partially based on American administrative reform. The new agency integrates social benefits and labour market measures involving cooperation between the new Department for Work and Pensions (DWP) and the new Department for Education and Skills (DfES). These administrative changes are being implemented gradually.

The New Deal already entailed a radical change in the Employment Service’s culture, placing emphasis on personal assistance to clients through the creation of personal advisers. Evaluations suggest that personal advisers are valued by New Deal participants (Millar 2000). Likewise, personal advisers describe the change in very positive terms:

“The new system is much more helpful than it was. You get to follow through clients. I am absolutely ecstatic when they find a job. If they do not find a job I seat down with them and identify their barriers to employment.”⁵⁷

The redesign of the New Deal emphasizes the need to make the system more responsive to individual demands. Starting in October 2001, 17 Jobcentre Plus pathfinder offices offered fully integrated work and benefit services. Jobcentres are required to move away from a benefit eligibility culture to one of personalized assistance with job search.

Thirdly, the greater compulsion is also based on the American approach. Although time limits are not considered a viable option in Britain, policy-makers accepted work-focused interviews for benefit claimants, especially for lone parents. The endorsement of a “work first approach” entails the adoption of local workfare based on regular control of benefit claimants’ behaviour:

With the start of Jobcentre Plus, everybody making a claim to benefit in those areas will be required to take part in work-focused interviews, to find out about the options available to them. (DWP 2001: 73)

Section 57 of the 1999 Welfare and Pensions Reform Act states:

Regulations under this section may make provision for or in connection with imposing, as a condition falling to be satisfied by a person who makes a claim to a benefit to which this section applies and is under the age of 60 at the time of making the claim, a requirement to take part in a work-focused interview.

Since April 2001, all lone parents attend annual work-focused interviews before applying for Income Support (DWP 2001: 79). People on incapacity benefits must also attend work-focused interviews as a condition of benefit receipt. Moreover, they lose 20 per cent of their benefits if they fail to attend. The greater use of compulsion has received a positive assessment among Jobcentre staff, who may agree that voluntary unemployment is a common phenomenon and can be addressed by an increased use of compulsion:

“The assessment of the employment first approach is positive . . . The truth is, not all people want jobs. Clients do not like the mandatory aspects of the programmes but some clients just need a kick in the butt.”⁸

Despite the emphasis on lifelong learning in the government’s discourse, Britain remains a low spender on active labour market policies. Policy-makers favour relatively cheap employability policies to the detriment of costly training policies. Labour market training as a percentage of GDP was 0.05 per cent in 1999 and 2000, well below the French and the Swedish rates (see table 3). This comes at a price: low skills, inactivity and remaining long-term unemployment are concentrated in jobless households, within deprived areas, and among certain disadvantaged groups. Some 40 per cent of benefit claimants have literacy or numeracy problems (EC 2001: 84).

Institutional Explanation

How does one explain the pattern of policy transfer from the USA to the UK in the field of welfare reform throughout the 1990s to the 2000s? The remainder of this article identifies two explanatory factors. The first is linked to the philosophy of the Anglo-Saxon model of welfare, in which social assistance is considered a favour rather than an entitlement. The second factor is the similarity in the structure of the labour market in both countries.

Goodness of fit: the philosophy of the Anglo-Saxon model of welfare

Historical institutionalism emphasizes the role of fundamental, structural as well as normative, policy choices on public policies. The basic argument is that institutions are forces in themselves. Historical institutionalism has been developed by Weir and Skocpol (1985), Skocpol (1992, 1995) and King (1995). These scholars claim that the American welfare state is a welfare laggard due to the historical division between routinized social security programmes (old-age and security pensions) and stigmatized welfare policies (Food Stamps, Temporary Assistance for Needy Families). Welfare programmes are more vulnerable to political and ideological attacks because of their lack of political legitimacy and the weakness of their constituencies (single mothers and unemployed people). Public support for social assistance programmes is traditionally low in Britain and the USA. Their target populations are the non-voting poor rather than middle-class voters. These programmes were more vulnerable to neo-liberal attacks during the period of welfare retrenchment in the 1990s (Pierson 1994).

King (1995) argues that the American and British welfare states have a common core design, more particularly a historical distinction between *routine* social security programmes (old-age and security pensions in the USA, national insurance benefits in Britain), and *stigmatized* welfare policies (Food Stamps, AFDC in the USA and Income Support in Britain) (King 1995).

American welfare programmes suffer from a lack of legitimacy and public support due to their historical design. A distinction was made between insurance-type programmes derived from citizens' contributions and means-tested non-contributory ones. Aid to Dependent Children (ADC) was the principal component of the lower tier of New Deal Social Security legislation. This programme was modified to Aid to Families with Dependent Children in 1961. Discretionary state powers in relation to welfare programmes facilitated the development of a racial dimension, which has no equivalent in Britain. The lack of legitimacy of AFDC in a welfare system dominated by the work ethic made the low-skilled and unemployed particularly vulnerable (King 1995: 177).

Britain, representing a more hybrid model of welfare, has adopted parts of the lean and residual American model. While the introduction of a minimum wage, even at a very low rate, in April 1999 mitigated the harshness of the American format, there is little indication of convergence between Britain and other EU member states. British opposition to a more pro-active, binding European social policy is well documented. Unlike continental Europe, especially France, anti-poverty strategies are not defined in moral terms in Britain but rather reflect economic pragmatism. As Maurizio Ferrera (1998) puts it:

The policy legacy, already heavily marked by the principle of selectivity from the time of the Poor Laws, sustained the dynamics of residualization with cognitive and normative predispositions congruent with, or at least not opposed to, it.

Existing institutional forms coupled with broadly similar ideologies set the scene for the politics of welfare reforms in both countries in the late 1990s. The similarities between British and American welfare institutions help explain the convergence in welfare to work policies, although the degree of compulsion in the British New Deals is much less pronounced than in the TANF programme.

Nevertheless, there are still significant differences between the American and the British welfare states. Britain is a unitary state which defines national eligibility criteria for cash benefits or help with childcare costs. This is not the case in a federal state like the USA, where successive governments have increased the degree of individual state discretion over the past two decades. The 1996 PRWORA entirely relegated responsibility for detailed policy formulation and service delivery to the states. They determine their own eligibility criteria for cash assistance within the general framework of loose federal guidelines. The absence of a national definition of need is one of the more significant differences between the British and American legislation.

The similar structure of British and American labour markets helps account for the pattern of policy transfer from the USA to Britain. As Ivor Roberts and Beverly Springer point out:

The UK (or more properly the British system, since the system in Northern Ireland is distinctive) industrial relations system is closer to that of the United States than to European systems. (Roberts and Springer 2001: 63)

In fact, Britain's comparative economic advantage in the EU is based on low wages. For reasons that have been explained elsewhere (Holmwood 2000; Lloyd and Payne 2002), Britain has a relatively low-wage and low-skill labour market. From 1979 onwards the Conservative government pursued a strategy of labour market deregulation and actively helped business in keeping wages low, not only to avoid inflationary pressures, but also to maintain the profitability of British capital: "In order to sustain an apparent relative advantage of low wages, it became necessary to order social welfare policies accordingly. There is a requirement that benefits should be lower than wages for available jobs and as wages in unskilled jobs fall, so, too, must benefits" (Holmwood 2000: 471).

American and British welfare-to-work programmes can presume a labour market that generates more available jobs, especially in the low-skilled service economy, by contrast to the higher selectivity of European labour markets. The ability to create low-paid jobs in a highly flexible and deregulated labour market is congruent with the adoption of welfare-to-work programmes which rest on flat-rate benefit levels and on sanctions to take up paid employment. Welfare reform in both countries attacked the voluntary unemployment hitherto encouraged by the meagre differential between flat-rate welfare benefits and low wages. Anglo-American welfare reform seeks to use the market to supplement a basic public safety net (Esping-Andersen 1999). Wage deregulation helps it to do so.

Unemployment amongst the unskilled is more marked in European nations. Technological change creates a cohort of low-skilled, "unemployable" people who cannot be recycled into new low-paid jobs, as in the USA, and, to a lesser extent, Britain. There the ability to sustain employment for the low-skilled, regardless of the quality of the jobs, is due to the adoption of low-wage and more flexible labour markets (Bertola *et al.* 2001).

Conclusion

This article examines the pattern of policy transfer in the area of welfare reform in the USA and Britain from 1996 to 2002. It proposes a framework for understanding the Americanization of British social policy. The pertinent factors identified include a work ethic culture which holds individuals responsible for their own fate and downplays the importance of societal factors such as lack of employment opportunities and the selectivity of the

labour markets. The British policy discourse implies that poverty is mainly a behavioural phenomenon. Poverty in this context is seen as the problem of a minority trapped in a culture of dependency. Lastly, the ideas according to which aid must be temporary and welfare recipients must be checked regularly by public authorities are central to American and British welfare reform. A difference between the two countries is that benefit agencies and employment services are accountable to central government in Britain, whereas in the USA there is little if any federal government control. In the USA welfare reform produced a patchwork of state programmes with a considerable amount of local discretion.

A further factor for explaining policy transfer is the structure of labour markets and their capacity to create jobs, especially in the low-skilled service economy. The central feature of welfare policies in Britain and the USA is acceptance of a deregulated and flexible labour market, despite the introduction of a minimum wage in 1999 in Britain. Labour market flexibility, the absence of intermediate labour markets for the most vulnerable and the low replacement rates of unemployment benefits are interlocking features of the Anglo-American model. There is an emphasis on employability in the US and British policy discourses. Welfare-to-work programmes go hand in hand with supply-side policies targeted at individuals and job search behaviour.

Acknowledgements

An earlier version of this article was presented as a conference paper at the annual meeting of the American Political Science Association in August 2002. The author would like to thank Giuliano Bonoli, James Marsh, Georg Menz and Peter Taylor-Gooby for their helpful comments.

Notes

1. Workfare is a contraction of the expression "welfare to work". In American English, workfare refers to compulsory schemes for the unemployed. Workfare means that receipt of benefits is conditional on participation in work-related activities. In the USA, Temporary Assistance for Needy Families is a typical workfare programme since carrots (cash benefits) are coupled with sanctions (reduction, later abolition of benefits in case of non-compliance with programme requirements).
2. "Work for those who can, security for those who cannot" is the British translation of the American idea that every able-bodied individual must work.
3. In the USA, "welfare" meant social assistance programmes, principally Food Stamps and Aid to Families with Dependent Children, now Temporary Assistance for Needy Families. In contrast to social insurance programmes, welfare programmes are discretionary and lack legitimacy. "Welfare" implies programmes for single parent families, headed in 90 per cent of cases by single mothers.
4. Interview with Timothy Cornell, Allegheny County Assistance Office, Executive Director, Pittsburgh, Pennsylvania, August 2000.
5. Interview with a federal officer at the Office of Family Assistance, Department of Health and Human Services, Washington, May 2000.
6. Interview with Berta Kelly, ex-TANF recipient, Pittsburgh, August 2000.
7. Interview with a New Deal for Young People Personal Adviser, Canterbury Job Centre, Canterbury, January 2002.

8. Interview with a senior Personal Adviser at Canterbury Job Centre, Canterbury, January 2002.

References

- Addison, J. T. and Sibeber, W. S. (1997), *Labour Markets in Europe*, London: Dryden Press.
- Barbier, J.-C. (2002), Peut-on parler d'activation de la protection sociale en Europe? *Revue Française de Sociologie*, 43, 2: 307–32.
- Bertola, G., Boeri, T. and Nicoletti, G. (2001), *Welfare and Employment in a United Europe*, Cambridge, MA: Massachusetts Institute of Technology.
- Boesby, D., Dahl, K. and Ploug, N. (2001), Unemployment protections and active labour market policies in the 1990s: Sweden. Mimeo, European Union Institute, Florence.
- Choffé, T. (2001), Social exclusion: definition, public debate and empirical evidence in France. In D. Mayes, J. Berghman and R. Salais (eds), *Social Exclusion and European Policy*, Cheltenham: Edward Elgar, pp. 204–29.
- Clasen, J. (2001), Managing the economic risk of unemployment in the UK, Working paper, Florence: European Union Institute.
- Deacon, A. (ed.) (1997), *From Welfare to Work, Lessons from America*, London: Institute of Economic Affairs.
- Deacon, A. (2001), Learning from the USA? The influence of American ideas on New Labour thinking on welfare reform, *Policy and Politics*, 28, 1: 5–18.
- Deacon, A. (2002), *Perspectives on Welfare*, Buckingham: Open University Press.
- DfES (2001), *Towards Full Employment in a Modern Society*, Cm 5084, London: HMSO.
- DSS (1998), *New Ambitions for Our Country: A New Contract for Welfare*, Cm 3805, London: HMSO.
- DWP (2001), *Opportunity for All*, Cm 5260, London: Stationery Office.
- DWP (2002), A Word from Alistair Darling, *Pioneer*, 7 (January).
- EC (2001), *Employment in Europe: Recent Trends and Prospects*, Brussels: European Commission.
- Enjolras, B., Laville, J.-L., Fraisse, L. and Trickey, H. (2000), Between subsidiarity and social assistance—the French route to activation. In I. Lodemel and H. Trickey, *An Offer You Can't Refuse: Workfare in International Perspective*, Bristol: Policy Press, pp. 41–70.
- Esping-Andersen, G. (ed.) (1996), *Welfare States in Transition*, London: Sage.
- Esping-Andersen, G. (1999), *The Social Foundations of Post-Industrial Economies*, Oxford: Oxford University Press.
- Eurostat (2002), People in the labour market, *Statistical Yearbook*, Luxembourg: Eurostat.
- Ferrera, M. (1998), The four social Europes: between universalism and selectivity. In M. Rhodes and Y. Mény (eds), *The Future of European Welfare*, London: Macmillan, pp. 81–97.
- Gallie, D. (2002), The quality of working life in Welfare Strategy. In G. Esping-Andersen (ed.), *Why We Need a Welfare State*, Oxford: Oxford University Press, pp. 96–129.
- Giddens, A. (1998), *The Third Way*, Cambridge: Polity Press.
- Guéron, J. and Pauly, E. (1991), *From Welfare to Work*, New York: Russell Sage Foundation.
- Holmwood, J. (2000), Europe and the Americanization of British social policy, *European Societies*, 2, 4: 453–82.
- Kautto, M., Heikkilä, M., Hvinden, B., Marklund, S. and Ploug, N. (1999), *Nordic Social Policy—Changing Welfare States*, London: Routledge.

- King, D. (1995), *Actively Seeking Work? The Politics of Unemployment and Welfare Policy in the United States and Great Britain*, Chicago: University of Chicago Press.
- King, D. and Wickham-Jones, M. (1999), Bridging the Atlantic: the Democratic Party origins of welfare to work. In M. Powell (ed.), *New Labour, New Welfare State?* Bristol: Policy Press, pp. 257–80.
- Lister, R. (1999), Reforming welfare around the work ethic, *Policy and Politics*, 27, 2: 233–46.
- Lloyd, C. and Payne, J. (2002), On the political economy of skill: assessing the possibilities for a viable high skill project in the United Kingdom, *New Political Economy*, 7, 3.
- Lodemel, I. and Trickey, H. (2000), *An Offer You Can't Refuse: Workfare in International Perspective*, Bristol: Policy Press.
- Mead, L. (1986), *Beyond Entitlement*, New York: Free Press.
- Millar, J. (2000), *Keeping Track of Welfare Reform: The New Deal Programmes*, Joseph Rowntree Foundation, York: York Publishing Services.
- Murray, C. (1984), *Losing Ground*, New York: HarperCollins.
- National Observatory (Observatoire national de la pauvreté et de l'exclusion sociale) (2002), *Rapport 2001/2002*, Paris: La Documentation Française.
- OECD (2002), *Employment Outlook 2002*, Paris: OECD.
- Pierson, P. (1994), *Dismantling the Welfare State?* Cambridge: Cambridge University Press.
- Prideaux, S. (2000), New Labour, old Functionalism: the underlying contradictions of welfare reform in the US and the UK, *Social Policy & Administration*, 35, 1: 85–115.
- Rees, A. (2000), Citizenship and work obligation in Britain and France. In J. Edwards and J.-P. Révauger (eds), *Employment and Citizenship in Britain and France*, Aldershot: Ashgate, pp. 200–26.
- Roberts, I. and Springer, B. (2001), *Social Policy in the European Union*, London: Lynne Rynner.
- Skocpol, T. (1992), *Protecting Mothers and Soldiers: The Political Origins of Social Policy in the United States*, Cambridge, MA: Harvard University Press.
- Skocpol, T. (1995), *Social Policy in the United States*, Princeton, NJ: Princeton University Press.
- Strah, B. (1996), *The Organisation of Labour Markets: Modernity, Culture and Governance in Germany, Sweden, Britain and Japan*, London: Routledge.
- Trickey, H. (2000), Steps to compulsion within British labour market policies. In I. Lodemel and H. Trickey, *An Offer You Can't Refuse: Workfare in International Perspective*, Bristol: Policy Press, pp. 189–210.
- Weaver, K. (2000), *Ending Welfare as We Know It*, Washington, DC: Brookings Institution.
- Weir, M. and Skocpol, T. (1985), State structures and the possibilities for Keynesian responses to the Great Depression in Sweden, Britain and the United States. In P. Evans, D. Rueschemeyer and T. Skocpol (eds), *Bringing the State Back In*, Cambridge: Cambridge University Press.
- Work and Pensions Select Committee (2002), *The Government's Employment Strategy*, HoC 2001–2002, HC 815.