Welfare to Work: integrating the British Labour Market

Timothy Whitton

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TRAVAIL ET EMPLOI
L'EXPÉRIENCE ANGLO-SAXONNE

Aspects contemporains

CERVEPAS

L'Harmattan

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Welfare to work : integrating the British labour market

Welfare to Work was one of the Labour Party's flagship policies during the run-up to the 1997 elections. Despite the fact that official unemployment figures were very rosy, it is indeed unthinkable for a political party not to treat job creation as one of its main preoccupations given the predicament in which the labour market has been ever since mass unemployment became structural. Governments of all persuasions have had to come to terms with the fact that unless they "think the unthinkable" a return to full employment is a figment of their imagination.[1]

The Labour Party that was elected in 1997 after a historic landslide victory, was keen on being acknowledged not only as a viable alternative to conservative politics, but also as a political organisation which had ceased to feed upon ideologies that were no longer popular with the electorate. With Tony Blair as their young charismatic leader, an outspoken "moderniser", the Labour Party was to shed its old skin and emerge as the "new" Labour party thus breaking with the party's historic trajectory. It therefore had to come up with a few high profile ideas that would pay tribute to this title and the "New Deal" was – and still is – one of them. According to New Labour, Welfare to Work has been so successful that it deserves to be extended to all the unemployed thus becoming the "permanent deal" [The Times, Labour Party Conference September 27 & 28, 1999].

It would be churlish even so, to suggest that the Welfare to Work project was quite simply an electoral ploy. To assume this would be to brush aside not only the vast sums of money invested in the scheme, but also the mirror image that Welfare to Work gives of what New Labour is – or at least is trying to be – all about. On closer scrutiny, the government's plans to get the young unemployed back to work encompass all that New Labour tries to portray as being original, thus allowing it to reinforce its image of being the party of innovative politics

[1] This is precisely what Tony Blair asked his political "think tanks" to do: "think the unthinkable".

and policies. Welfare to Work is a cocktail of "third way" jargon: the stakeholder society, the inclusive society, employability, communitarianism, rights and responsibilities and other catch phrases that even though they may at first irritate, do give the impression that something is up. The Labour Party has perhaps finally understood that after eighteen years sitting on the benches reserved for Her Majesty's Opposition, the time has come for major change.

This paper will therefore look into Welfare to Work used not only as a deliberate mechanism to reduce unemployment especially for young people, but also as a means to show that New Labour "means business" in its own particular way. In this respect Welfare to Work cannot solely be considered as just another employment creating scheme but the opportunity for the Labour Party to show that it does have new and different policies to offer. With the General Elections not *that* far away, although employment creation may not be a major issue, the way in which New Labour deals with the unemployed may prove to be decisive.

Welfare to Work should not be reduced to job creation but considered within a larger remit for in many respects it is the true mirror of the values that New Labour is attempting to stand for. In the words of MP David Willett: "Welfare to work is not an issue just for the unemployed, its success is central to constructing a modern progressive project for the new government" [Willetts, 1998, p.9].

1 Welfare to Work

Often called the New Deal, New Labour's employment policy Welfare to Work at first targeted the young unemployed before being extended to all unemployed people. At the outset, it was experimented in twelve 'Pathfinder' areas for the first four months – January to April 1998 - before becoming a national plan.

18-24 year olds who have been out of work for at least six months are channelled via New Deal advisors into a series of options. This initial evaluation and assessment phase is called

'Gateway' and is meant to identify genuine claimants who have a right to services while steering as many as possible towards "normal" employment. Claimants who remain within the programme are offered a full time course, subsidised work or a placement in the voluntary sector whereby for a six month period, they receive benefits plus a fixed sum as a form of wage. New Labour has been very firm in stating that there is no fifth option, in other words, claimants who "opt out" can forfeit the right to a part or even all of their benefits.

For the long-term unemployed aged 25 and over who have been out of work for at least two years, the programme began in June 1998. While participation is mandatory, counselling is more intensive and the same rules on benefit withdrawal are applied. Employer subsidy for this category is £75 week whereas for the young new dealers it is £60 week.

The New Deal also encompasses lone parents and the disabled but as yet participation is voluntary.

1.1 Welfare to work and the reform of welfare

Prior to the 1997 election, the Labour Party published a series of policy statements in the "Road to the Manifesto" series. The pamphlet concerning social security starts thus: "Labour's benefit-to work strategy is at the heart of our approach to welfare reform" [Labour Party, 1996] and attempts at stating Labour's case for combining job creation strategy and a more efficient welfare state as if the two were intrinsically linked. During the 1997 conference when Labour had been in office for five months, Chancellor Gordon Brown spoke of his party's commitment to "re-establishing the work ethic at the centre of our welfare system" [Times & Guardian 29/09/97]. This could be seen as pertinent examples of how the Labour Party is quite prepared to borrow from the New Right by suggesting that the unemployed impose a heavy burden upon an already ailing welfare state: "A welfare-to-work strategy […] is also the key to sensible reductions in the cost of social security to the country as a whole"

[Labour Party *op. cit.,*. p.1]. Despite the fact that the "safety net" feature built in to unemployment benefits has been retained, using welfare to encourage a return to work betrays to what extent the party has drifted from its traditional attitude towards the welfare state:

> "Much of the official discussion around these [welfare to work] measures borrows from the US 'welfare to work' agenda, which is in the process of changing the way the word 'welfare' is used in Britain towards meaning cash benefits for the poorest as in the US, rather than the much wider concept generally used in British debates over the 'welfare state' ". [Hills, 1998, p.26]

The pamphlet seeks to emphasise the new partnership to be created between the various employment services and the unemployed so that the latter will have every opportunity to reintegrate the mainstream labour market; mainstream because although workfare rhetoric tends to postulate that any job is better than no job at all, New Labour is keen for job seekers to find employment that corresponds to their aspirations.[2] Notwithstanding, Labour has continued to impose benefit penalties on those who "unreasonably [refuse] a suitable offer" [Labour Party *op. cit.,*. p.2] since the "taxpayer after all, has a legitimate interest in ensuring that no-one is taking the benefit system for a ride" [*Ibid*.]. This firm attitude has been repeated on many an occasion by the Prime Minister himself: "It really is the end of the something for nothing days" [Daily Mail 10/02/1999].

Adopting this unconventional attitude – at least for the Labour Party - towards benefit recipients has been no easy task for New Labour as the backbench revolt about lone parents showed in December 1997. Generally speaking welfare reform is hard to achieve if only because of the entrenched interests that have to be dealt with. This is all the more difficult

[2] For an interesting discussion about this particular point see Forrest, David, *Low Pay or No Pay*, Institute of Economic Affairs, Hobart paper 101, 1984.

should a political party be elected with the intention of replacing the welfare state with a "welfare society" [Giddens, 1998, p.117] quite simply because the latter entails a far more optimistic vision of what welfare can achieve than the former. In other words, whereas the Conservatives pursued a policy of aggressively adapting Beveridge's original welfare state to the requirements of modern society by constantly searching to limit costs, New Labour has had to *renew* the welfare state in its own particular way. When the Chancellor declared that New Labour would respect previous public spending targets for at least the first two years of office, he made it quite clear that his party was no longer prepared to inject vast sums into the ailing public sector. At the same time he reassured the electorate that Labour would no longer be the party that would "tax and spend".[3] But contrary to the Conservatives who dogmatically whittled down public spending to the extent that it became part and parcel of their ideology, New Labour will be treading dangerous ground if it complacently continues in its predecessors footsteps. Reducing the tax burden is one thing but should this be associated with systematically singling out the most disadvantaged groups for special treatment then New Labour's "third way" may seem vacuous.

By plucking the "welfare society" out of thin air on the other hand, third way friendly jargon such as citizens and citizenship can become central to New Labour's statement of policy, rather than simply cost:

> "The recasting of New Labour's conception of citizenship and the emphasis placed on employment may be as important as other shifts in the Party's welfare policy such as the relegation of equality as a social democratic objective and the prioritisation of social inclusion as an objective" [King & Wickham-Jones *in* Powell (ed), 1999, p.278].

[3] The question of tax has traditionally been a weak point for the Labour Party. The electorate has become accustomed to associating the party's major reforms with an increase in the tax burden. This has had disastrous effects on election results until 1997 when the Labour Party radically tightened up its fiscal policies by promising not to exceed targets set by the Conservatives.

"Dutiless rights" are replaced by "conditional welfare" and in so doing reductions in social security spending can be portrayed as being a far more optimistic means to an end rather than the dogmatic pursuit of an overall austere attitude towards the least fortunate. For example Welfare to Work can be instrumental in creating an "inclusive society", one in which "active welfare" replaces "passive benefits" and where the unemployed are shown that they *can* rather than they *should* work. By underlining this last potential virtue of the New Deal, New Labour opens broader horizons for the unemployed. Not only does employment exist and therefore does not need to be created but rather provoked, but the unemployed are also invited to become stakeholders in a permanent partnership with the State and therefore responsible for the part that they chose to play in society. Work therefore becomes a mechanism of inclusion just as education and services were according to the more "traditional" socialists.

2 Carrot or stick?

The conservative heritage was one of austerity and rather than inviting the least well-off to acknowledge the potential they had to improve their lot, they were forced into becoming entirely responsible for their own personal situation. This is often rather blithely referred to as a return to "Victorian values" despite the fact that the modern labour market has very little in common with this period of British history.

If New Labour's approach is supposed to represent a break both with the New Right and the Old Left then unemployment is an ideal training ground on which to experiment its own particular brand of radicalism. Before taking office, and in order to reinforce Labour's post-ideological stance, Tony Blair stated that his party's radicalism "will not be that of doctrine, whether left or right, but of achievement. New Labour is a party of ideas and ideals but not of outdated ideology". This was supplemented by an appeal for pragmatic politics in rhetoric

that is very reminiscent of Mrs Thatcher's ability to coin phrases: "What counts is what works" [Blair, 1997]. Nonetheless, drawing the line between ideological and pragmatic success is a precarious task and it is where the two merge that New Labour can so easily overstep the political boundary that is supposed to separate it from its opponents and above all its predecessors.

New Labour has indeed been criticised for the apparent ease with which it has integrated neo-liberal policies and the smattering of more social measures tagged on to the "third way" is not convincing:

> "The more recent appropriation of 'third way' by Bill Clinton and Tony Blair has met with a lukewarm reception from most Continental social democrats, as well as from old left critics in their respective countries. The critics see the third way in this guise as warmed-over neoliberalism. […] On coming to power, his critics say, Blair and New Labour have persisted with the economic policies of Margaret Thatcher" [Giddens *op. cit.,* p.25].

The treatment of the unemployed is a case in point since New Labour inherited a situation whereby its predecessors tended to unload the responsibility of finding work onto the jobless themselves. This "workfarist" model of the labour market imported from America, involved punitive action against the unemployed so that they would be forced into accepting available jobs. By withdrawing benefits, as is the case for Jobs Seekers Allowance (JSA) – which incidentally has been maintained by New Labour - should the claimant fail to accept work, government could legitimately state that it was endeavouring to eradicate idleness which, in terms of popular imagery is an efficient vote catcher. The myth that the unemployed just do not want to work is still very valid and thus justifies in many ways the political necessity to

maintain a distinction between the undeserving and deserving recipients of unemployment benefits. This again has drawn rather far fetched comparisons with the Victorian era when it was thought fit to distinguish the deserving from the undeserving poor.

Given the labour market situation in Great Britain, this argument holds water. Headline statistics so often quoted by foreign politicians for whom the British labour market has become a paradigm, all too often portray a situation almost pertaining to full employment. What foreign admirers overlook is the fact that the type of "workfare" employment readily available – if the American experience is anything to go by - is "predominately found in low-paid, insecure forms of employment in the peripheral labour market" [Michel, Agnès, 1999 p.13]. This tends to underline the fact that employment encompassed by workfare policies exists primarily because it is shed by the mainstream labour market. It does not come within the scope of organised labour and is therefore handed down to the worst-off and most vulnerable.

In this respect that non acceptance of workfare employment should be accompanied by sanctions comes as no surprise. Given the quality of work on offer, coercive action is required if workfare positions are to be filled and above all held down by claimants. This is also a perfect example of how labour market flexibility dominates social policy towards the unemployed: rather than alleviating their relative poverty by using benefits, pressure is applied so that their wage expectations fall thus allowing them to reintegrate the labour market.

It would be rather short-sighted even so to suggest that Welfare to Work were nothing more than elaborate "trainingfare" - as embodied by the Job Seeker's Allowance - and that punishing the unemployed was the key issue. Although major similarities with conservative labour market policies can be underlined the New Deal also draws on other experiences for example the French *Revenu Minimum d'Insertion* (RMI). On a one-to-one basis with a

counsellor, RMI claimants assess their specific needs in order to find work. Welfare to Work goes even further in this direction by costly investment in counselling, especially in the first phase, which is then followed by a variety of options including training and basic education. Whereas workfare enthusiasts would affirm that the essential requirement is to get the unemployed back to work or at least available for work, "new dealers" are given the opportunity to prepare themselves for specific employment [cf. supra].

Despite this more optimistic approach, the programme contains a definite degree of compulsion in that participants cannot opt out and return to benefits. If they do, a part of their JSA entitlement can be docked by the social services. As yet, and despite the myriad of statistical information available, it is unclear whether recourse to the "stick" is common.

Compulsory participation in the scheme does not only concern the activation of the unemployed. It also exerts downward pressure on wage demands for those concerned and in this respect one of its secondary effects is to contribute to the low wage economy for which Great Britain is constantly criticised especially by its European partners. This is particularly important for participants who can claim a reservation wage in excess of what their New Deal "benefit-plus" or conversion wage might be. In other words, new dealers who have already worked in the mainstream labour market can identify the sort of wage they think their labour is worth whereas newcomers are more likely to be ignorant of this. The burden of adjusting to low or lower wages is brought to bear on participants just as the responsibility for finding work, during the conservative governments, was transferred from the state to the unemployed.

This aspect could be justified by New Labour's desire to make rights conditional on responsibilities or to provide benefits which correspond to a "hand up and not a hand out". Whereas before, the unemployed were responsible for their job search, Welfare to Work is meant to coax them back into employment so that they acknowledge their aptitude to work and therefore have the responsibility to retain any employment offered.

There can be no denying that this approach is ostensibly workfarist insofar as the outcome is to encourage labour force participation by the acceptance of low-paid work. But the New Deal goes beyond this as we have seen on the one hand by massive investment in counselling and training facilities. On the other hand, low paid work has been made more acceptable by the introduction of the Working Families Tax Credit (WFTC) – a form of state organised wage subsidy - and since April 1999, the national minimum wage.[4] Both of these measures aim at "making work pay", one of New Labour's much brokered catch phrases. WFTC entails direct state intervention on levels of income, especially for families as the name suggests whereas the minimum wage is an important tool in defining exactly which sort of wage floor Parliament deems is acceptable for the labour market. The level at which the minimum wage is set is a very high profile benchmark by which government support for a low wage economy can be measured especially in the case of the Welfare to Work scheme since employment can stem from state intervention.

Rather than being a job creation mechanism therefore, Welfare to Work "involves extending the range of jobs which the unemployed can be required to accept" whilst "imposing greater intensity and monitoring of their [job] search" [Gray, 1998, p.12]. By combining Welfare to Work with WFTC, the minimum wage and improved child care facilities, government is showing its desire to concentrate both on participants being available and actively seeking work. In terms of social policy, the scheme is "focused on increasing the flexibility of wage expectations and the willingness of the unemployed to take a job at low wages, **rather than on alleviating poverty or on providing job opportunities at prevailing wage rates**" [Gray *ibid*. emphasis added]. In light of this, even if Welfare to Work can be considered as a drift towards American style workfare, it does stop short of an all out punitive

[4] For further details concerning the introduction of the national minimum wage in Great Britain see Whitton, Timothy, "Labour's National Minimum Wage", *in*, *Revue Française de Civilisation Britannique*, vol 9, n°3, 1997, pp. 115-127. Details concerning WFTC can be found in this publication or in Whitton Timothy, "Welfare to Work: politique progressiste ou miroir aux alouettes?", *in*, *New Labour: rupture ou continuité?*, Presses Universitaires de Rennes, à paraître en septembre 2000.

onslaught on the unemployed. While the built in training and educational facilities force comparisons with continental policies the concept of employability has far reaching implications.

3 Employability

New Labour came to power promising a break both with the eighteen years of Tory policies and the ideas of "Old" Labour. As far as the labour market is concerned labour leaders were particularly struck by the number of households in which unemployment had become endemic. Although the poverty experienced by people in these family units was and still is a major preoccupation, it was the lack of work culture, as described by American economists Murray and Mead on which they focussed their attention. As true neo-liberals, Murray and Mead spoke of an "underclass" that was unemployable to the extent that government should have no qualms about using compulsion to force them into the labour market.

But this pessimistic vision does not tally with New Labour's desire to promote social democratic citizenship using the idea that rights must be balanced by responsibilities. Even so, by committing itself to compulsion and coercion albeit in a "third way", New Labour has turned its back on former Labour policies designed to reduce unemployment. In 1987 the National Executive Council declared that "…people should join the [employment] scheme because they want to, not because they fear they will lose all or part of their benefits if they don't. Compulsion is a recipe for lower standards, resentment and discrimination" [NEC, 1988, p1].

Perhaps one of the main justifications that New Labour can find to this u-turn is the notion of employability. When Tony Blair first expressed his ideas on the subject, employability was assumed to be some form of flexibility which has been integrated into continental labour

market rhetoric. In France, flexibility is a double edged knife: on the one hand it can involve worker friendly labour policies in accordance with union negotiated terms covering family needs or improved leisure activities while being inductive to job creation through work sharing schemes for example. On another level, flexibility can be taken to mean that employees' welfare becomes totally subordinate to the market and that their availability to provide labour depends entirely on the ebb and flow of business. In this case employability implies that the workforce should be in a position to offer their labour should it be required.

In the 1980's, training fare schemes such as Youth Training Scheme (YTS) came across as being some sort of labour therapy that the young unemployed needed in order to revive their work culture. Basic requirements such as punctuality, politeness, standards of dressing and appearance were emphasised as being central to jobsearch rather than specific skills which could be acquired once the claimant's primary needs had been met. Welfare to Work functions in much the same way except that the unemployed are not considered unemployable or that they belong to an underclass of some description but that they are underactive. This corresponds to OECD directives whereby the strength of a country's labour force is measured not by the number of people employed, but by the number of people who are active and ready to stake a claim in society initially through their contribution to the labour market which then determines the way they can strive to obtain a part of the nation's wealth. This is very reminiscent once again of Beveridge who in 1942 took great pains to say that the state had a duty to provide minimums for everybody – especially during times of hardship – **so that they could be allowed to improve their lot**. With the passing of time, this has become known as universalism – the "bête noire" of liberal economists - erroneously so since Beveridge never meant benefits to become a permanent feature of the social landscape. In his opinion they were, just as Welfare to Work is, a way forwards to a "better" society and in this respect the

New Deal is not such a radical move away from the Labour Party's fundamental objectives as might be expected given New Labour's repudiation of old values and outdated ideology.

Given, therefore, that government's aim is to create an active society, responsibility to meet the demand for labour falls upon government itself. This can be considered in two ways: i) if employment exists, then it is government's task to create a match between the labour force and the demands of the market; ii) if labour supply dos not match demand then it is government's task to correct the unbalance by, for example, providing the educational and training facilities that will allow labour to adjust. In Scandinavian countries where government has traditionally been highly involved in equating labour supply with demand, thanks mainly to intense collaboration with trade unions, the emphasis is on high technology and training. The essential difference between this type of labour market and what can be found in Great Britain is that employment schemes do not necessarily target entrance on the labour market at the lowest level, in other words at the point where low-paid unskilled workers tend to cluster. On the contrary, programmes are designed to provide labour where it is needed and in doing so participants can command decent union negotiated wages thanks to the skills that they acquire. Employability in this case is not reduced to its minimal definition of reviving work culture but involves positive adjustment in respect of demand. The overall outcome is that quality becomes as important as quantity one aspect that Welfare to Work has failed to fully integrate.

Because of New Labour's commitment to promoting a work culture that combines rights and responsibilities, the element of compulsion built in to Welfare to Work cannot be neglected and if taken at face value can have far reaching long term consequences. Insofar as unemployment figures are falling fast to the extent that full employment is now a legitimate claim albeit saturated with electoral connotations, government can promote the idea that the unemployed are unemployable. New Labour has done this by accepting to activate those who

cannot fend for themselves on the labour market and in so doing has integrated the concept whereby government still has a responsibility to care for the worst-off.[5] But even if this approach can be considered as a break with the austerity of the Conservatives, improving employability does not guarantee job creation. Activating the unemployed is one thing but actually providing or creating jobs is another and government's leniency in imposing sanctions will depend on the extent to which it is prepared to believe that a person's unemployment is due to personal failings. In simple terms sanctions would be superfluous if it was thought that claimants were doing their utmost to find work.

Therefore should the promotion of employability be seen as government's main employment policy, there is no telling to what extent compulsion will become instrumental in reducing unemployment figures particularly during a pre-electoral period. Welfare to Work could thus become an extremely efficient machine for identifying and further stigmatising the unemployed rather than a comprehensive set of policies designed to renew their work culture. With the introduction of the "permanent deal" not only will the young unemployed bear the full brunt of New Labour's employment stick but all those claming benefits. In the words of *The Times*, commenting on the 1999 Labour conference: "[The 'Permanent Deal'] will oblige every unemployed person to work, receive training or re-enter formal education, or risk a substantial cut in benefits. This is a radical, welcome, initiative that would move Britain towards the workfare approach pioneered in America".

4 What counts is what works

In a recent speech to the Institute of Public Policy Research [June 7, 2000], David Blunkett declared: "Through this programme [the New Deal], we have already placed 210,000 young people in work – **most of them quicker than they would otherwise have**

[5] "Activating" the large reserve of unemployable or inactive welfare claimants has been popular in France recently during negotiations between the government and the MEDEF. Workfare is discretely crossing the channel!

found work (emphasis added)". By providing this assessment, the Minister for Employment underlines the ambiguities inherent to any sort of evaluation that attempts at weighing up the successes and failures of Welfare to Work.

To prove the viability of Welfare to Work, it would be very convenient indeed to be able to provide precise information concerning the number of jobs that the programme has provided. But the truth is that it was never really designed to be a job creation mechanism even though some employment inevitably flows from all forms of jobsearch. On the contrary, Welfare to Work aims essentially at improving employability and therefore jobseekers' ability to obtain work that already exists. Monitoring the degree of programme success is therefore extremely difficult if only because of the "deadweight" involved, that is to say the amount of Welfare to Work funding absorbed by candidates who only needed a minimal amount of help to (re)integrate the labour market. Broadly speaking, there is a deadweight loss of some 50% which is very similar to other labour market programmes if churning is not taken into account in other words claimants who go round the cycle once and then reintegrate the system if only to avoid losing out on benefits [Anderton *et al*, 1999, p.14].

Added to this is that fact that should candidates only require a slight push in the right direction, the overlap between Welfare to Work and the Employment Services' scope of action can legitimately be questioned. Normally, it is the Job Centres' responsibility to steer claimants towards vacancies but Welfare to Work gradually seems to be encroaching on this remit. As time goes by and the "better" new dealers go through the system, they will be replaced by the more - even the most - unemployable claimants who will test the programme's efficiency to the full.

To what then does the Minister's evaluation correspond? From the very beginning of the New Deal, government pledged to provide full statistics to monitor programme efficiency. Figures are published on a monthly basis in the *Labour Market Trends* publication and map

out numbers of claimants entering and leaving the system, options chosen and to a certain extent provide basic information on the origin and identity of young new dealers (male, female, people with disabilities, people from ethnic minority groups, white and "prefer not to say"). Information is also provided about the stage at which these participants leave the programme either to go into employment or not. Separate statistics are provided for the over 25 new dealers. Many of the headline statistics underline the cost of the programme – and therefore the cost of jobs created - pointing out that the windfall tax does not represent an unlimited supply of funding.[6] Government replies by saying in typical beveridgian style that in time the programme will pay for itself through growth obtained by an increase in employment adding that Welfare to Work should be considered as a temporary scheme to enhance a new work culture which will in time dispense with the need for major government intervention in the labour market.[7]

It must be said that this conviction is backed up by official New Deal statistics insofar as figures for claimants who leave the programme to take up unsubsidised jobs are far in excess of subsidised work [Employment Service statistics 1998,1999,2000]. This would tend to underline the fact that, as government suggests, the programme will encourage claimants to "trade welfare for work" [The Sunday Times, September 19, 1999]. Even so, *The Times* somewhat overturns this optimistic statement thus:"The unemployed are facing the tightest benefit rules ever devised under a government crackdown on the culture of life on the dole", an appraisal which is somewhat softened by the Chancellor further on who states "We have kept our side of the bargain by providing the opportunities. It is now for young people to look at the one million vacancies and the opportunities that exist and show they have a responsibility to take them up" [The Times, September 17, 1999]. The Chancellor prefers to

[6] Funding for the New Deal was obtained by using a special "windfall" tax on the privatised utilities.
[7] Beveridge went to great lengths to point out that "his" welfare state was there should people need it. Popular imagery would have it otherwise and in many respects what was supposed to be a safety net has been transformed into welfare rights for all.

refer to new dealers as the "workshy" rather than the unemployed – or indeed the unemployable – which takes for granted the fact that the unemployed are ready and willing to work if given the opportunity to do so.

This said, the Minister's claim concerns the number of young people who have found work since Labour took office in 1997 and does not identify those claimants who have directly gone into employment thanks to the programme or those who have simply been "churned" round the whole system. A closer analysis of Welfare to Work [Michel, *op. cit.*] shows that however doubtful the job creation potential may be, it is definitely an extremely efficient mechanism for compiling knowledge about the unemployed and the sort of behaviour they can have vis à vis employment policies and especially workfare. To this end, New Deal advisors often underline the total lack of basic skills that many claimants suffer from along with basic employment aptitudes such as reading, writing, dressing correctly and speaking coherently.[8] If this is the case then at least part of Welfare to Work is being absorbed by the provision of basic education and training facilities which are a far cry from the headline qualities the programme is supposed to be endowed with. In the words of the Employment Service's first year New Deal evaluation "It is possible that the high proportion [of claimants] going into education and training reflects the type of people likely to be on the claimant count when unemployment is at a twenty year low. They are likely to be the 'least employable' " [p.10].

The success of unsubsidised work as compared to subsidised also tends to show that employers are not exploiting the system as much as was expected at the outset [Anderton *et al*, 1999, p.9]. Generally speaking it was feared that employers might exercise even greater prejudice towards the unemployed who need special help in finding work by taking full advantage of their subsidised labour. The whole point of Welfare to Work is that subsidised

[8] One New Deal counsellor mentioned two different claimants, one of whom couldn't read and the other who was an Oxford graduate.

labour should be transformed into sustainable employment thanks to the improved employability of participants but there is no denying that in some circumstances displacement or substitution has occurred. In the former case, wage subsidies give new dealers a competitive advantage over other "normal" candidates in jobsearch and in the latter, employers use new dealers to replace other workers.

One way of measuring the impact of the New Deal especially for young workers who have been affected by it longest, is to compare youth unemployment from 1998 onwards with estimates of what it would have been without the New Deal [Employment Service, 1999, p.8.]. Notwithstanding the pre New Deal trend of falling unemployment generally, a gap of 35000 less unemployed youths can be estimated.[9] To say that over the first year Welfare to Work has reduced unemployment by this figure would be erroneous for it is impossible to isolate the whole economy from the youth labour market if only, for example, because of substitution. It is also worth mentioning at this point that any estimated reduction in unemployment cannot be translated into terms of an equivalent increase in employment but employment *and* inactivity since not all claimants entering the New Deal flow out towards employment: training and education options are a case in point especially since they have been so popular. [New Deal, "Features", *Labour Market Trends*]

Lastly, the effects of the New Deal can be compared with the introduction of JSA in October 1996. Rather than increasing employability, JSA was designed primarily to intensify jobsearch. Sweeny and McMahon [1998] found that outflows from unemployment increased considerably for all groups of the unemployed following implementation of JSA. This could mean that Welfare to Work has to cater for the most unemployable who have not been able to integrate the labour market despite the threat of benefit withdrawal. To this end, despite the possible displacement and substitution effects, which are mitigated by the act that employers

[9] The fall in the the unemployment rate due to the massive transformation of full-time jobs into part-time ones is studied in Whitton Timothy "Labour's National Minimum Wage", *op., cit.*

are more likely to employ the employable, the programme can be considered to be a success but at a considerably greater cost than was first forecast because of deadweight.

Conclusion

By endorsing workfarist attitudes to employment, the Welfare to Work programme has driven a decisive wedge not only into the reform of welfare debate but also into government attitudes towards the unemployed. There can be no denying that the New Deal is a definite move towards workfare first introduced by the previous conservative governments and in this way depicts New Labour's intention to integrate more market inspired "neo-liberal" policies.

Although using benefits to improve employability was not meant to increase employment especially given the rate of official unemployment in Great Britain, all jobsearch programmes tend to generate extra work. The danger that subsidised workers may be used to replace unsubsidised ones seems to be minimal but the programme's potential for reducing wage pressure is manifest and as such, seems to unveil the more sinister side of government's intentions. These effects have been somewhat reduced by New Labour's attempts at adapting American style workfare to a policy of making work pay. The national minimum wage, the Working Family's tax credit and improved childcare facilities have softened the impact of government's contribution to a low wage economy and have generally provided a more optimistic outlook to employment policies. In this way, not only has New Labour broken with Britain's immediate political past but also with the party's traditional stance.

At the same time it has preserved some of the compassion that the party has traditionally shown towards the unemployed as well as the conviction that market forces alone cannot be left to regulate the labour market: government still has a responsibility to help supply and demand to adjust to one another. Success of the education and training options highlight government's necessary involvement but if too much time and energy is devoted to meeting

claimants' basic needs the programme's advertised ambitions could be thwarted and in many ways Welfare to Work may be reduced to providing first-hand information about the needs of those who find it the most difficult to find work.

By accepting the need to impose sanctions on the hitherto called "workshy", New Labour has shown that employment policies are no longer one-way: claimants can expect government to give them a "hand up" but no longer a "handout" and this involves dual responsibility. In this respect, Welfare to Work goes far beyond its remit of reducing unemployment to become a mirror image of what New Labour likes to call its "third way". Rather than drawing too heavily on American workfare experiences, New Labour would be well advised too look further a field for innovative inspiration. The Scandinavian labour markets could provide a satisfactory starting point.

The success of the New Deal will depend on its life span. Should it disappear naturally then it will have succeeded, albeit at great cost, in reviving the sort of work culture that the lower levels of the British labour market has lost. If on the other hand the New Deal becomes a permanent feature of the welfare state then not only will government perpetuate its contribution to the low wage economy synonymous of poor quality employment, but "employability" will become just one more myth to be found at the end of the third way's political rainbow.

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TRAVAIL ET EMPLOI
L'EXPÉRIENCE ANGLO-SAXONNE

L'abondante littérature consacrée aux évolutions du travail et de l'emploi dans le monde industrialisé contemporain pose souvent l'existence d'un « modèle » anglo-saxon distinct d'autres « modèles », et largement opposé, en particulier, au modèle en vigueur en Europe continentale.

L'approche adoptée dans cet ouvrage est autre. Centré sur le Royaume-Uni et les États-Unis, il étudie la diversité de leurs évolutions contemporaines que la référence à un « modèle » a tendance à simplifier, voire à appauvrir. En ce sens, il prolonge une recherche antérieure sur l'expérience anglo-saxonne envisagée dans une perspective historique et conceptuelle. Les mutations à l'œuvre de part et d'autre de l'Atlantique, sous l'effet de la mondialisation, de l'évolution des pratiques managériales et de l'action des pouvoirs publics, sont en effet éclairées par cette référence au passé et par la proximité culturelle que permet l'utilisation d'une langue commune.

La référence à une « expérience anglo-saxonne » que ni la mondialisation ni la régionalisation n'ont à ce jour remise en cause s'avère donc particulièrement éclairante.

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