

Workfare:

what does it mean?

The dominant view in American and British thinking is that welfare should be replaced by 'workfare'.¹ The idea is that the welfare state, which provides unconditional grants and benefits to the unemployed, creates 'dependency' on the state and decreases the desire and the capacity to work.

Welfare systems and labour market support programmes should instead, be designed to encourage, reward and - where necessary - enforce work. Countries like the US, the UK, Canada, Australia and New Zealand have all initiated welfare reform efforts to assist transitions into paid employment. British Prime Minister, Tony Blair, has insisted that in the UK at least 'it really is the end of the something for nothing days'.²

Here, the underlying goals of social welfare policies are shifting. Now, the preferred approach is confronting the unemployed with a combination of 'help and hassle' in order to actively assist transitions into paid employment.

Under the Blair government's wide-ranging welfare-to-work strategy, 'help' includes tax credits for poor working families, basic education and training, and the provision of job search. 'Hassle' includes compulsory participation in programmes for eligible groups, backed up by financial penalties for non-compliance and downward decreased benefits.

Jamie Peck argues that while 'hard workfare' in the US creates jobs it has negative social and labour market consequences.

The UK is following the American model of workfare-style policy-making, although British ministers do not use the term 'workfare' because of its negative connotations.

Blair and Clinton both believe that poverty and under/unemployment are caused by 'welfare dependency', low motivation and inadequate 'employability'. They have rejected the old approaches involving job creation and better benefits because these were seen as costly and counter-productive.

The old Keynesian orthodoxy of full employment, secured through demand-side macro-economic management, has been replaced by a new, 'workfarist' emphasis on full employability, secured through supply-side, micro-economic interventions. In a world of flexible labour markets, they argue, all those who can work must work. The right to government assistance in re-entering the labour market comes with responsibilities in the form of compulsory, active participation.

'Soft' workfare or 'human capital development'

Objective:

Raising long-term employability through investments in education & training

Advantages:

- emphasises sustainable transitions into work
- higher wage employment
- potential for career mobility
- scope to tackle multiple job barriers
- overcomes educational deficiencies
- expands the range of potential job openings

Disadvantages:

- relatively high unit costs
- requires institutional infrastructure
- risk of training without jobs
- unresponsive to short-term needs
- risk of 'over-servicing'
- many goals
- danger of excessive attrition
- uncertain outcome measures
- 'internalises' wider social costs

Experimenting with workfare

Two main strategies have emerged from the hundreds of local-level workfare experiments in the US. The first strategy is the 'human capital development' approach or 'soft workfare'. It tries to assist the transition into employment by providing supportive services, specifically education and training (see box above). Such developmental programmes may run for a long time and aim to place participants in 'good jobs'.

The alternative approach, which has become more popular in the 1990s, is the 'labour force attachment' or 'work first' method (see box alongside). Here, short-term interventions aim to secure rapid transitions into available jobs. Participants are assisted with job-search

skills and are encouraged to accept that any job is a good job. Work-first approaches can be seen as 'hard workfare' they force people into work, usually low paying work. The best-known example of such a programme was initially developed in Riverside, California. As this is currently the most common form of workfare, it is the focus of this article.

California's counties have been developing a range of approaches within the state's Greater Avenues to Independence (GAIN) programme since the mid-1980s. The Manpower Demonstration Research Corporation (MDRC) did a detailed evaluation of GAIN in six counties. It tracked the experiences of an 'experimental' (on-programme) group and 'control' (off-programme) group over a period of three years.

'Hard' workfare or 'labour force attachment'

Objective:

Bringing about rapid transitions into employment based on short-term work-orientated interventions

Advantages:

- outcomes-orientated policy
- simple administration
- low unit costs
- clear programmes
- rapid results
- uses available job opportunities

Disadvantages:

- requires strong/dynamic job market
- increased risk of 'churning'
- fails to tackle multiple job barriers
- does not address skill shortages
- perpetuates working poverty
- insensitive to individual skills needs
- ignores problem of unstable jobs
- fails to build social capital

Across the six research sites, the outcomes were modest, with Riverside showing the best results. The Riverside programme generated average earnings gains of \$3 113 (49%) for experimentals relative to the control group. Welfare payments were reduced by an average of \$1 983 – or 15% – for experimentals compared to the control group. For every public dollar invested in the Riverside programme, \$2,84 was returned in the form of reduced welfare costs and increased tax income.

The MDRC concluded that the work-first approach was the most cost-effective way of moving welfare recipients (most of whom are single mothers) back into work. It found that the results for the human capital approaches were much more mixed.² This evaluation has contributed to an explosion in Riverside-style programming, across the US and elsewhere.

The Riverside model

The Riverside GAIN programme has the usual range of services including assisted job search and basic education. What makes Riverside different is the aggressive way it sends its 'employment message' to clients and its emphasis on moving participants into work as quickly as possible. The philosophy of the programme is to do the minimum it takes to place an individual in employment (see box below). According to MDRC President Judith Gueron: 'More than any other place I know of, this programme communicates a message of high expectations. When you walk into a GAIN office in Riverside, you are there for one purpose: to get a job. At orientation, job developers announce job openings; throughout, programme staff convey an upbeat message about the value of work and people's potential to succeed... If you are offered a job, you have to take it or

have your [welfare] grant reduced... Under this regime, welfare feels temporary.'³

The centrepiece of the Riverside programme is the job club/job search function. All GAIN participants who do not need further education are immediately put into the job club. Job club includes search techniques and guidance on the filling in of job applications. It also draws attention to the 'differences between a working lifestyle and a welfare lifestyle which is seen to cause unemployment. It encourages the participant to look at what he/she can do now as a start toward a working lifestyle'.⁴

While the tone of the programme is positive, the majority of participants are forced to attend the programme. Riverside punishes participants for non-compliance more than the other seven largest counties in California. The department's director explains: 'It is not optional. You don't have the luxury, if you're a welfare recipient, to stay home. In fact, we insist that you come here. We use motivational techniques in sales, in marketing, about the wonderful things that employment can do for you. But if they don't even come and show up, we will cheerfully reduce their welfare grant'.⁵

The Riverside philosophy

'If you have an automobile that does not start, do you pull the engine out and put a new engine in, pound the dents out, paint it and put new tires on it? Or do you just look at the spark plugs and the points and do the most minimum thing to make the car run? So using a practical approach here, if a person can't get a job, is it because they can't sit up in a chair right, that they don't know how to market themselves? If so, that's all we're going to do. Why should we do more if that's all it takes to get somebody a job?' (Riverside manager)

Participants who are encouraged to regard 'any job as a good job', usually find themselves quickly getting low-wage entry-level jobs. Riverside's philosophy is that participants are more likely to be able to move into a better-paying job if they are already in work. GAIN staff have to place at least 1.4 clients in work per month.

Another distinctive characteristic of Riverside is the active job development programme. GAIN staff are hired to develop jobs for clients. This includes scanning newspapers and looking for 'help wanted' signs. They aggressively promote the general concept of GAIN and market their 'job-ready' applicants who can, if necessary, be with an employer that very afternoon. For programme staff, employers' needs and preferences are most important. They screen participants thoroughly before referring them for a hiring interview and are 'sensitive to the needs of the employer'.

MDRC's Judith Gueron describes the positive features of the Riverside approach:

- senior officials in the agency prioritise the programme;
- a strong commitment and adequate resources;
- a strong emphasis on getting a job quickly;
- a mixed strategy, emphasising structured job search and using basic education;
- job developers establish close links to private sector employers and help recipients find work;
- the use of sanctions (ie, grant cuts) to enforce participation,



Jamie Peck.

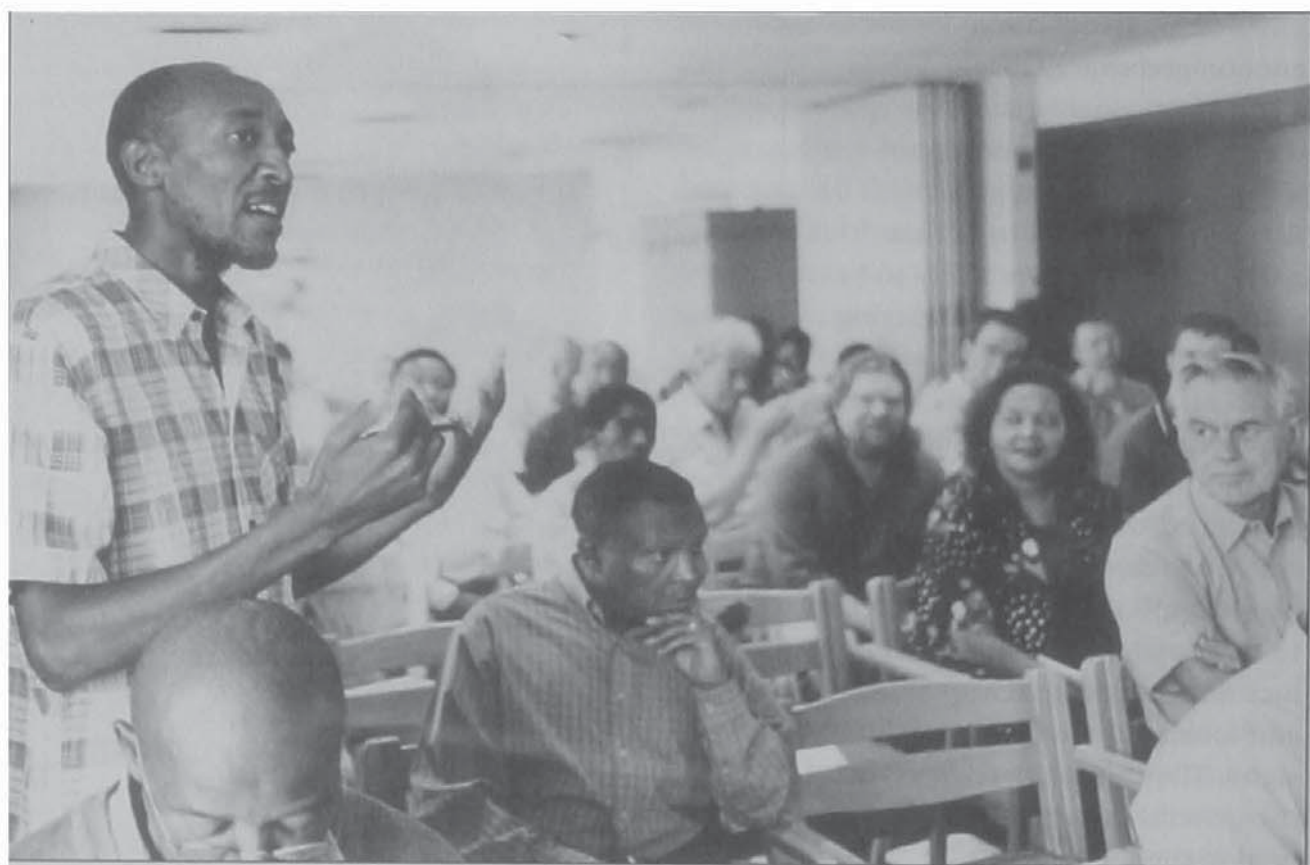
- a cost-conscious management style,
- an outcome-focused management style.⁶

The programme's essence is driving down costs while maximising the flow-through into employment, and maintaining strict discipline while promoting the virtues of work. Riverside's unit costs are low in comparison with other more 'service-rich' programmes.

Riverside's other side

Measured in narrow terms, the Riverside GAIN programme is effective in moving people from welfare to work. However, it is important not to exaggerate what has been achieved.

The Riverside results look so striking because of the pattern of failure in welfare-to-work efforts in the US. The Riverside results may be the 'most impressive yet achieved', but they are far



Malamulela, the movement for the unemployed, was also at the workshop.

from conclusive. The MDRC data revealed that:

- ❑ the Riverside experimentals were only \$52 per month better off than their counterparts in the control group who had had no contact with the programme;
- ❑ about two-thirds were not working at the time of the year-three interview;
- ❑ almost half never worked during the entire three-year period

While Riverside's GAIN programme was pushing people into work it was not lifting them out of poverty. As Judith Gueron admits, if ending poverty rather than tackling 'welfare dependency' is the goal, then Riverside does not provide the answer 'the downside to Riverside is that families weren't moved out of poverty. People didn't get better jobs. If that's your goal, you have to make a larger investment to get there'.⁷

A study examined work-first and human

capital development approaches in Michigan. It revealed that while the two groups achieved the same employment rate, the work-first group achieved consistently lower earnings and were more likely to be placed in part-time work. "Average wages of the work-first group were 30% lower than for the human-capital group, both at initial placement into jobs and 90 days after placement. The earnings of the work-first group were 85% of the poverty rate for a family of two and 56% of the poverty rate for a family of four.

So while work-first may look like good welfare policy, it is not good social or labour market policy. The workfare strategy is based on the assumptions that the local labour market has the capacity to absorb a continuous flow of welfare recipients and that such transitions can be achieved with fairly minimal support. It depends on the existence of a very turbulent, high turnover labour market,

which produces many (mostly low-wage) vacancies. The Riverside programme indirectly subsidises low wage employers by providing a forced labour supply and covering much of the costs of recruitment and induction.

This kind of welfare reform displaces rather than solves the problem, the welfare problem of today becomes the labour market problem of tomorrow. The Riverside method of rapid labour market entry has become the norm in the US since the passing of the Personal Responsibility and Work Opportunities Reconciliation Act of 1996.

Nobel Prize-winning economist, Robert Solow (1998) conservatively estimates that wages at the bottom of the American job market will have to fall by 5% to absorb even two-thirds of the welfare caseload into work: 'Either way, the working poor will pay... The burden will take the form of lower earnings and higher unemployment, in proportions that are impossible to guess in advance' ⁹

The low-wage labour market does not 'pull' people into it. The Riverside strategy is designed to 'push' people from welfare into it. In the words of a GAIN regional manager, 'It's something any 10-year-old kid could tell you, but a doctorate in sociology can't: If you want people to get off welfare, you stay on their backs until they get a job'.¹⁰

Riverside is a crude method for driving people off welfare and is actively indifferent to the wider effects on poverty and labour market conditions.

'Any job is a good job'?

The significance of the Riverside model lies with the set of fundamental ideological currents into which its 'jobs, jobs, jobs' philosophy taps. It has legitimised the 'old style' model of workfare favoured by conservatives. It has

laid to rest the more service-intensive version of 'soft' workfare promoted by liberals.

In the debate around the Family Support Act of 1988 an uneasy consensus was constructed between liberal supporters of workfare-as-social service and conservative supporters of workfare-as-punishment. This was reflected in the design of the federal Job Opportunities and Basic Skills programme. It combined compulsory participation (to satisfy conservatives) with provision of supportive services – education, training and childcare (to placate liberals). Researchers at the right-wing Heritage Foundation characterise the debate saying that workfare supporters see attempts to train welfare recipients for skilled jobs as impractical and a misuse of the term workfare. It conflicts with the goals of cost reduction and may limit the number of recipients who can participate because of the expense. Liberal supporters of increased welfare spending are seen to have hijacked the term 'workfare' to justify traditional and ineffective social service policies.¹¹

Work-first approaches have been implemented across a large number of US states. Welfare reformers in other countries are also choosing work-first approaches. Such strategies will continue to be attractive where budgets are strained, anti-welfare sentiments are high and where there is frustration with traditional programmes and services.

But while work-first may give the impression of a quick fix, it is anything but. It forcibly rotates unemployed people through low-paying and unstable jobs. Most programmes offer little or no chance of escaping poverty. As a result, conditions at the lower end of the labour market deteriorate because of this 'crowding'.

There must be a ready supply of jobs in

the local labour market for hard workfare strategies to be effective. Workfare does not create jobs. It is therefore not suited to countries where there is high unemployment. Here there is risk of raising 'employability without jobs'.

Reflecting this economic situation, the policy debate around welfare-to-work and active labour-market strategies in Europe has been broader and deeper than the US. In European debates, there is a widespread acceptance of the need to create jobs, rather than simply enforcing work. The Europeans make a strong case for maintaining a secure 'floor' under the labour market. This can be met by measures such as minimum or 'living' wage policies and the payment of 'fair

benefits' or 'basic income' strategies.

This more progressive strand of thinking stretches the definition of 'employment' to embrace new fields of work in the 'social economy'. Glasgow's Wise Group is one of the better known of such programmes (see box below). In many communities, there is still considerable scope to generate socially useful (and 'real') jobs in areas like caring work or environmental improvement.¹²

Such socially-progressive strategies represent a more promising alternative to the sterile debate between 'hard' and 'soft' workfare. This is because they address both the demand-side question of the availability of jobs and supply-side

Glasgow's Wise Group model

The Wise Group in Glasgow combines training and employment services with community regeneration activities in the local social economy.

The Wise Group philosophy is to generate jobs in the community sector which pay real wages and meet real social needs. This is both a job creation and a training programme. Most jobs represent new employment opportunities because they were created in the social sector by the programme.

The Wise Group seeks to create jobs outside the usual areas of the private and the public sectors to satisfy unmet community needs in the process. These new jobs include housing rehabilitation, security, office administration, environmental improvement and forestry.

The core of the programme is the notion of the 'intermediate labour market', which has three defining characteristics:

- First, it is 'intermediate' in that it is positioned between unemployment and private-sector waged work. Access to training and employment opportunities are restricted to the long-term

unemployed on a voluntary basis.

- Second, they operate according to the same 'rules' that govern the formal labour market. The programme uses recruitment and selection procedures, wages and work contracts. In return participants receive a full wage.
- Third, for each participant, involvement in the intermediate labour market is for a defined period of time to provide training, work experience and job-search assistance. Job placements are by design temporary.

The Wise Group model seeks to 're-shuffle' the job queue through training and work experience in the social economy. A recent evaluation showed that more than two-thirds of participants found employment or self-employment after leaving the scheme.

Although the unit costs of the scheme are generally higher than those associated with short-term programmes, this must be balanced against the fact that participants receive full wages while socially-useful services and resources are being provided for low-income communities.

concerns such as job training

Neo-liberal workfare strategies propose that solutions to the jobs crisis can be found only on the supply-side of the labour market, in the forced 'activation' of the unemployed

This confuses neo-liberal fantasies about the 'work-shy' poor with the reality of job shortage in structurally-weak labour markets. Sustainable solutions will not be found until we acknowledge and address job shortages in structurally weak labour markets ★

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Lucy Abrahams, director general of Welfare.

Notes

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