Following Through:

America, Britain, and the Rhetorical Drive from Welfare to Work

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Introduction

Sharing a similar cultural, sociological, and legal background, the United States and the United Kingdom provide one another with an opportunity for comparison and reflection. In the specific arena of public assistance, it is difficult not to note the striking similarities between programs in the two nations, as well as the important differences and outcomes that also can be found. Undoubtedly, some programs will be extremely fundamentally different from one another, as is the case in health care provision, while others will merely vary in the details, as we find in tax credits for the poor. Regardless of the degree to which they differ, the implementation, philosophy, and outcomes of each program in the US and the UK will provide us with a thought-provoking lesson in public assistance policy. It is in this function that the similarities between the two nations are most important, for it allows us to conjecture with more certainty whether or not a successful program in one nation can be modified and adopted to work in another.

In recent years America and Britain have slowly grown increasingly similar in their rhetorical stances on welfare. Traditionally the United Kingdom was a firmly entrenched universal welfare state while the United States relied on a patchwork of programs that purposely fell far short of universal coverage. Ideologically the British consensus was that the state had a legitimate duty to provide all types of services, from education to health care and income support. America recoiled from the notion of such an overarching system, distrusting too much government involvement and relying upon individualism and the markets to provide opportunity for everyone. However, after more than two decades in which political currents began to mirror one another in the two nations, the differing views of the state's responsibility to the poor have gradually converged. By the late 1990s a political drive for targeted programs surfaced, as both Tony Blair and Bill Clinton devised agendas that sought to promote behavior, specifically work, in an attempt to update the welfare system to make it more effective. The way out of poverty was hard work and a paycheck, and the changes were meant to make that possible. The

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societal scourge of the working poor, those who could not rise out of poverty despite employment, was to be eradicated.

While there will be significant limitations in comparing two similar systems, it will be extremely informative to examine the different approaches the UK and the US have taken in attempting to fulfill their commitment to targeting work in the poor through social assistance programs. However, targeting programs may not be the most effective means of alleviating poverty. We must keep in mind the fact that since there may be other nations who have settled on a completely different and possibly better ideological and practical course of action, we will be losing any transcendent perspective from which to judge the successes and failures. It is possible that there are problems or obstacles that neither country has been able to successfully tackle, and hence there will be no opportunity to extract a "lesson" of any value from one another.

Along this line, one must take into account the fact that the United Kingdom and the United States are both unique among western democracies in their consistent problems with high levels of working poor; this is a problem that is nearly unheard of among other EU nations, who accordingly might provide a better model for comparative analysis of programs that are designed to "make work pay." Given their shared situation and their shared commitment to make fixing the problem of the working poor a priority, an examination of this trend and of whether many of the programs they are implementing and altering are coherent with this rhetoric will be helpful in initiating a discussion.

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Historical Context and Background

A discussion of the current state of public assistance in the two nations should begin by examining their shared heritage and the points at which they have veered off in different directions. The history of social welfare and assistance in England is long and influential. It is particularly important to note that only "[e]ight years after the compilation of the Elizabethan

Poor Laws, settlements began to be established by colonists along the eastern seaboard...of America"(Dolgoff 65). Colonization in the New World occurred contemporaneously with the first major codification of English public policy concerning the poor. Inasmuch as they were drawn to the colonies for conflicting reasons of dissatisfaction and desire, the early colonists brought with them an ambivalent attitude toward the social policies of their former home. The early tendencies toward "mutual aid and communal organization" in the colonies was in direct conflict with the Protestant heritage of staunch individualism (Dolgoff 66). Accordingly, while early America inherited the legacy of the English Poor Laws composed of "secularism, the concept of risks and categories, indoor and outdoor relief, residency laws, less eligibility, and approaching the poor on a case-by-case basis," it also was infused with a leaning toward community action and support (Dolgoff 66).

The British concern that recipients of society's assistance demonstrate deservedness continued into the twentieth century, as the United Kingdom delved into the modern provision of social insurance nearly three decades prior to America's Social Security Act. With the institution of the Old Age Pensions Act in 1908, the United Kingdom used a means test to distinguish between the deserving and undeserving poor, categorizing the undeserving as "those who had habitually failed to work according to their ability and personal need, those who had not saved money regularly over a period of years, and those who had been convicted of habitual drunkenness...[as well as] those dependant on the head of household"(Dolgoff 85). While this criteria and its stringent differentiation between who was deserving and who was not, was eliminated in 1919, it was a precursor to many types of behavioral testing that would crop up throughout the subsequent century. Ironically, in the infancy of their social programs the United States favored a more communal approach, while the UK persisted in subjecting potential welfare recipients with standards meant to indicate their deservedness. These stances would be completely reversed as the two nations moved into the latter half of the twentieth century.

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In recent decades the political and ideological attitudes toward public assistance in the United Kingdom and the United States have been slowly converging. The UK in the twentieth century has traditionally been thought of as a solidly entrenched welfare state, at times bordering on socialistic rule. The post war years until the 1980s saw significant expansion and solidification of social services, as the ideals espoused in the 1944 Beveridge Report were taken up wholeheartedly. Lord Beveridge envisioned a system in which the government worked actively to combat the "five great social 'evils' – want, disease, ignorance, squalor and idleness. These were to be removed from postwar society through new policy initiatives—comprehensive social security protection, free state education, a national health service, public housing for all who wanted it, and employment for working-age men"(Alcock 126). The government coupled this vision for social policy with Keynes' economic strategy of "demand management" which called for greater state involvement and investment in an attempt to stimulate economic growth and promote levels of full employment (Alcock 126). Universalism dominated the rhetoric of the time, and health, education, and social services were provided "free for all citizens, irrespective of means, social status or contributions paid (Alcock 128). The "Keynes/Beveridge" approach quickly became popular with politicians of all parties, ensuring a kind of continuity in social policy implementation regardless of changes in the parties that were in leadership.

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The United States, while it saw a significant growth of social programs in both the 1930s and in the 1960s, never sustained the same type of cohesive or long lasting consensus as to what direction or scope social policy should take. The "radical" changes that occurred in the 1930s as a result of Roosevelt's New Deal legislation fell far short of pushing the US into the "welfare state" designation. It did, however, succeed in assimilating many of the state, local, and informal relief efforts into a more cohesive and uniform national scheme. At the same time, though, a sort of "two-tier welfare state in which those outside the system had to prove both need and moral worth to receive assistance" developed out of the legislation (Clarke 29). The creation of the widely accepted OASDI and Medicare and other social insurance programs,

pitted them ideologically against the new public assistance programs like Medicaid and Aid to Dependent Children (ADC), the forerunner of AFDC and TANF. This distinction has persisted since then, coloring welfare politics and feeding the popular preference for social insurance programs over assistance programs.

The volatile political and social atmosphere of the 1960s gave rise to the second great period of American welfare reform. Johnson's "Great Society" sought to remedy the injustices and inequities that had arisen out of past discrimination and holes in programs such as social security: "Conceptions of poverty as the effect of structural economic inequality were marginalized and initiatives such as the Office of Economic Opportunity (OEO) (employment) and Operation Headstart (education) were designed to overcome barriers to participation in opportunity structures by enhancing the poor's skills and capacities"(Clarke 29). In attempts to remove the barriers that they perceived were preventing the poor from succeeding, the Great Society programs worked to enhance the scope of programs like social security that formerly failed to cover many occupations frequently held by the poorest individuals. However, the "war on poverty" fell far short of its goal, due to the fact that "[a]ttempts by Presidents Nixon and Carter to reform welfare further towards a closer integration of insurance- and assistance-based schemes (through proposals for a guaranteed family income) failed because…they threatened the underlying distinction between the deserving and undeserving poor, embodied in the split between insurance and assistance"(Clarke 31).

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Having both fallen victim to the drastic worldwide recession that began in the mid-1970s, the United Kingdom and the United States both entered the decade of the 80s with a similar political and ideological mindset. Margaret Thatcher and the Conservative Party gained power in Parliament at about the same time as Reagan and the "New Right" Conservatives were elected to office in the US. The age-old attitude toward public assistance that has surfaced time and again throughout both Anglo and American history since the advent of the Poor Law, that handouts engender dependence and demoralize recipients, reemerged as the dominant view.

The 1950s and 1960s, riding on the wave of the post-war boom and the belief that welfare was an "expenditure [that was] necessary to modernize society and make it more competitive, as well as more harmonious and socially just"(Clarke 32). Now both nations returned to the view that it was more important than ever to distinguish between the "deserving" and "undeserving," and that transfers should be scaled back to a greater degree, promoting independence and freeing the government from expenditures that were considered weighty, unnecessary, and ideologically unjustifiable. In contrast to how it was viewed just a few decades before, welfare was now coming to be seen as "an 'unproductive' cost to national economies, making them less competitive"(Clarke 32).

In America the push for broad based anti-poverty efforts lost its general appeal after the economic successes of the 1950s and 60s began to fade. Faced with a more uncertain economy, people were less and less willing to allow the government to appropriate their tax dollars for welfare programs that they felt, on the whole, had been ineffective and wasteful. Poverty was rising despite government spending on programs to combat it. In the minds of many it did not matter that this rise resulted from changes in the job market, such as globalization and advancing technology, or that America's changing demographics, evidenced in the rise of single parent families throughout all economic classes, were making previous anti-poverty efforts obsolete or ill-focused. Accordingly, the rhetorical endorsement of broad-based programs, which reached its height during the Nixon administration when the government moved close to supporting the implementation of a guaranteed national minimum income, has slowly lost its national appeal (Blank 226). Popular and political support for targeted programs has gradually supplanted it.

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Targeted programs are aimed at providing assistance to only the populations who are thought to truly need it. They involve substantial means testing, in which both the individual's characteristics and behavior play a factor in whether he or she receives assistance. As the 1980s, and then the 1990s, wore on in the United States, targeted programs began to play a

major role in welfare services. They consist of two types: those which "provide general economic support but link that support to specific behavioral requirements...[and those that] provide specific services (targeted service programs), such as job training, compensatory education, or immunization"(Blank 226).

Traditionally, one of the greatest differences between European and American social policy has been the tendency in the US to prefer means testing and in-kind assistance in favor of the universal distribution of cash transfers. However, the Conservative British rhetoric and reforms of the 1980s aimed to combat that tradition of Beveridgean universalism and to reduce the scope and eligibility of social programs, hoping to target limited resources to those who truly needed them the most. Under Prime Minister Margaret Thatcher the government sought to rectify the problems brought about by the economic troubles of the 1970s by retrenching welfare. Many leaders in the Conservative Party subscribed to Bacon and Eltis's "overload thesis," believing that "welfare needs would exert an ever-upward pressure on social expenditure and that at times of economic stagnation this would crowd out capital investment Washington and Lee University leading to an ever-worsening crisis in growth"(Alcock 132). For the sake of economic progress Thatcher and her government would forsake equality, despite the potential for exacerbating poverty. They perceived that excessive social spending had bred a scourge of dependency upon the state, and Thatcher sought to cut back and reorganize the entire structure of welfare eligibility and delivery.

Thatcher first introduced targeting into the modern British welfare system. The majority of her actual progress came in scaling back entitlement to National Insurance (NI), the primary and universal social insurance scheme which included retirement pensions, incapacity benefits, and job-seekers' allowances, by introducing more means testing and reducing entitlements (Alcock 133). While this reduced expenditures and rolls of NI, it placed excess burden on Income Support, the program designed to help those who were not working. The Thatcher government's greatest success in this area was not in actual policy change, but rather it was in

gradually instilling in the nation an ideological preference for targeting. That, along with its movement toward using the markets and privatization in social assistance, worked to undermine many of the popular beliefs that had been previously held throughout the UK.

The Conservative government of the 1980s left Britain with a legacy of a mixed economy of welfare in which "public support now operate[d] alongside—and increasingly in partnership with—private and voluntary sector welfare provision"(Alcock 137). Despite the government's best efforts, however, the welfare state did not shrink. Welfare spending still grew, but the ideology that the focus should be upon universal programs faded, making way for Tony Blair's "New Labour" government to build upon Thatcher's work, while still maintaining a political distance from the Conservative stance.

Since its assumption of power, Tony Blair and the "New Labour" Party have adopted a stance in favor of work over handouts. In the 1998 Green Paper, *New Ambitions for Our Country: A New Contract for Welfare*, they declared, "[w]ork is the best form of welfare"(DSS). While it is common for mission statements to provide rhetoric that promises radical changes, the

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1998 Green Paper truly put forth some ideas that were new for the United Kingdom. They include programs that offer the unemployed training or employment in subsidized or non-subsidized jobs, assistance for single parents including advice for the move into work and affordable childcare for all children under 15, a national minimum wage, tax credits, and the creation of an agency to deal with income support as well as employment and training services (Millar 173). In its announcement in 1998 of its intentions for the reforms, the government stated that it had "a central aim: work for those who can; security for those who cannot. We want to replace a cycle of dependency and insecurity with an ethic of work and savings"(DSS).

The Labour government has made a concerted effort to work to reduce some of the negative effects that the Conservative policies of the Thatcher and Major governments have had upon income equality. Prime Minister Tony Blair has led the rhetorical drive, proclaiming "if the

Labour government has not raised the living standards of the poorest by the end of its term in office, it will have failed"(Millar 171).

In searching for an ideological framework upon which to build their government, New Labour settled on promoting a "third way" that would take advantage of the best aspects of capitalism and more socialistic outlooks. Further, "Blair maintains that the Third Way moves *beyond* the 'old left' and the 'new right', drawing its vitality from its attempt to unite the two great streams of left-of-centre thought, that is, social democracy and liberalism"(Temple 168). Even the political leaders admit that his rhetoric is often vague and difficult for the public to project onto any specific issue. It is meant to be flexible and open to revision, and its main goal is primarily to distinguish the new government from those in the past. Tony Blair and his government are working to create a system that "embrace[s] capitalism but also addresse[s] the need for 'realism with a heart'"(Temple 166). The vague "Third Way" allows it to do so, with a nod to the readjustments and reinventions that may need to occur in the process.

The "Third Way" in practice is heavily tempered by a political preference to design
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programs around the desired outcomes. In fighting poverty, the British government has settled into relying more and more upon programs that work to target behavior rather than programs that are administered on a universal basis, left over as a legacy of the Beveridge welfare state. In recent years, the Blair government has focused on the goal of successfully transitioning current welfare recipients into employment. For the government is beginning to see that it must take a more active role in prodding people off of public assistance, contingent upon the "clear and open belief in the role of labour market participation as the major (indeed the only) means for tackling the problems of poverty and welfare dependence"(Alcock 138-139).

These same goals have come to the forefront of targeted programs in America as well. In the 1996 welfare reforms, the Clinton administration sought to make good on his campaign promise in 1992 to "end welfare as we know it." With the passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), the administration created

legislation that embodied the notion that we should limit welfare so that individuals would have to take responsibility and initiative and use public assistance merely as a tool for transitioning into gainful employment, not as a viable source of long-term livelihood. Just as in Britain, anti-poverty measures were to focus on a two-pronged commitment to not only move people off of assistance and into work, but to also make that work pay once they were employed. Due to the entrenched programs that already provided some disincentives to work, and coupled with the disturbing trends that the real wages of low-skilled workers were on the decline over the past few decades, this goal would have to include the creation of a network of welfare programs that fit it coherently.

PRWORA effectively eliminated the entitlement aspect of the United States' welfare system. The backbone of the welfare system had long been Aid to Families with Dependant Children (AFDC) which provided cash transfers for families who qualified based on their make up and income. The change in legislation replaced AFDC with Temporary Assistance to Needy Families (TANF) whose very name denoted the new emphasis on the temporary nature of welfare. Recipients were now subjected to limitations of a maximum of two consecutive years or five years over a lifetime. PRWORA also devolved much of the responsibility for welfare administration to the states, marking a significant departure from the previous trends toward consolidating welfare services under federal auspices. Within these time limits, recipients had to demonstrate legitimate movement away from dependence and into employment, which called upon social workers to assume roles as employment counselors and job placement experts in addition to their traditional tasks. While the primary behavior targeted by the legislation dealt with work, moral behavior, especially regarding the formation of traditional families, was also the subject of the reforms. Recognizing the emergence of single parent families as a significant contributor to poverty, PRWORA hoped to encourage the "formation and maintenance of two-parent families. Marriage was put forward as the only legitimate alternative to employment for poor mothers...For example, under the Act, states can refuse additional benefit " (Clarke 37).

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Clearly the reforms were intended to transform welfare into a tool with which the government could both entice and punish recipients as a means of shaping their behavior and ultimately lifting them out of poverty.

It is remarkable that despite their extremely different historical involvement with public assistance, both nations are now largely in agreement as to what is the best means to help individuals rise out of poverty. Between the two of them they have covered much of the spectrum of social welfare, from broad based universal schemes, to tightly targeted and limited programs. While the notion of combating poverty through welfare-to-work initiatives may not prove to be the panacea we have hoped for, it has been molded from the vastly different experiences of two nations, and it hopefully has built upon both past successes and failures to take a step forward.

Illustrations: Rhetoric in Action

Rhetoric in both the UK and the US in recent years has become more tightly focused upon making a clear distinction between the social assistance to which the working poor are entitled and the assistance earmarked for the working poor. Voters and politicians in both nations are overwhelmingly favor programs designed to assist the working poor versus those that help the unemployed. It is easier for taxpayers to justify limiting assistance to individuals who are not working, but many often find it morally abhorrent to deny individuals who work a reasonable level of living.

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The manner in which each government and each society in general views poverty and public assistance is extremely important to take into consideration. The level of stigmatism associated with the receipt of assistance is extremely important in determining the success of programs. If, for instance, it is socially abhorrent to receive a handout, and all men and women who do so are cast as social deviants, there will be both reluctance on the part of the impoverished to accept the help, and on the part of taxpayers to extend it without serious paternalistic controls. Huge levels of stigma are inappropriate and counterproductive,

undermining the government's agenda to assist those who truly need help in order to merely subsist or to lift themselves out of destitution. However, some stigma can effectively help to alter behavior. If there is no negative association with welfare, and the levels of benefits are high enough to support an adequate living, there is a significant danger of some perfectly able recipients choosing not to work. In order to coexist with the widely held western belief in the necessity of a strong work ethic, social assistance programs must not become a viable alternative to employment. Much of the tension between means-tested and non-means-tested programs comes from this desire to find the correct balance between assistance and deterrence. Government programs seek to provide help to those who truly need it, while still managing to deter the lazy or freeloaders; hence the fascination historically with defining who is deserving and who is undeserving.

Despite the fact that both nations have committed rhetorically to the goal of alleviating the severe problem of the working poor through welfare reforms, they have honored to this commitment to different degrees. In order for America and Britain to truly eradicate the "working poor" and ensure that every man or woman who holds down a job will be able to rise out of income poverty, the entire range of their programs must be consistent with that aim. Accordingly, significant reforms have evolved that follow this trend and attempt to begin eradicating the existence of the working poor. While these reforms and new focuses have begun to arise throughout the vast range of welfare and social assistance programs, this paper examines a limited number of programs that show some of the most striking similarities and differences in the British and American pursuit of this agenda. Both agree on the use of tax credits to make work more enticing and lucrative for income-poor families. They differ the most in the arena of health care. A discussion of these similar and divergent initiatives will shed light on the ways the two nations are both keeping and straying from these promises.

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Tax Credits

Although social programs for the working poor do not exactly parallel one another, many similar categories of programs exist in both nations. In particular, both the US and the UK have used the tax system in an attempt to make work a more attractive and lucrative path for the poor. The Working Families Tax Credit and Family Credit in the UK is similar in its aims to the Earned Income Tax Credit (EITC) in the US. Both seek to supplement the incomes of the working poor, by ameliorating some of the regressive attributes of the personal income tax and offering refundable tax credits to poor individuals.

EITC has enjoyed unusually high levels of bipartisan support throughout its lifespan. Introduced in 1975 under a Republican administration, it was originally very limited in scope. However, as economic and political support for it has steadily grown, subsequent legislation has expanded and improved upon both the scope and level of benefits. In fact, the "three largest expansions of the federal EITC occurred in 1986, 1990, and 1993, during the Reagan, Bush, and Clinton administrations"(Phillips 415). Currently EITC is the "largest cash transfer program for low-income parents in the United States"(Phillips 413). It was greater than TANF
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expenditures in 2000 with total expenditures of $32 billion dollars (Page 228). Though the statistics vary from year to year, it is heartening that in 1996, before the effects of the Clinton Administration's legislative expansion took hold, nearly fourteen million families benefited from the credit, while only four years later, the number had increased to around twenty million families (Handler 106 & Page 227). The average family in the EITC program in 2000 received $1644, with a maximum credit of $4000 (Page 228).

According to the IRS, EITC "reduces the amount of Federal tax owed and can result in a refund check. When the EITC exceeds the amount of taxes owed, it results in a tax refund to those who claim and qualify for the credit"(Internal Revenue Service). The amount a family receives varies dependent upon both its income level and its makeup, such as the number of children and the number of parents in the household and the number of them who work. More specifically:

> The EITC initially rises by as much as 40 cents for each additional dollar of earnings. During this phase-in range, the credit would be more than 2 dollars per hour for a minimum wage worker with two children. After the phase-in range, the EITC becomes a flat credit. Tax filers in the plateau range receive the maximum EITC. Benefits begin to phase out around the poverty thresholds for one adult families. For workers in the phase-out range, the EITC diminishes by up to 21 cents with each additional dollar. (Phillips 416)

Due to legislative expansions, some low-income individuals without children are also eligible for the tax credit, but only in a significantly reduced amount, such as the allowance of a maximum of $353 in 2000 (Phillips 416). The thrust of the program, however, remains to try to lift up the impoverished working families with children.

The overwhelming majority of literature, both in and outside of the government, reports findings that EITC has been successful in helping to lift many poor working families out of income poverty. Poor people, especially single mothers, are motivated to work more when presented with the often significant increase in income. And the results show that the additional money is more often than not being used for extremely productive and beneficial purposes, including "investments in education and savings as well as [...helping to] pay for daily living expenses and bills"(Phillips 413). Founded in moral principles that are widely held throughout the entire nation, and backed with statistics of proven economic success, it is difficult to argue against the effectiveness of EITC.

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While in principle, and in many ways in practice, EITC is a "dream" social program, there are considerable incongruities in the practice and the justification, as well as some exclusionary aspects of the credit's premise. First of all, EITC is similar to most other US social programs in that it is rooted in the belief that our nation has an obligation above all to prevent poverty in children. There are critics who would oppose this view, but they are widely outnumbered by the popular accepted consensus. The fact that our society accepts a fairly large role in the prevention and alleviation of child poverty, however, does not necessarily have to preclude a similar obligation to poor individuals without children. While we may want to concentrate a larger amount of our resources into assuring that families with children are assisted in their

quest to leave poverty, the tremendous discrepancy between the levels of credit we give to the childless versus those with children is irreconcilable with our other purpose of encouraging the poor to choose work as a means out of poverty. It seems to be extremely inequitable and discriminatory to subject parents and childless alike to the standards of workfare without providing equivalent levels of tax credits to make that transition to work feasible.

Another problem involves the targeting itself. As with any progressive benefit, in order to ease the drop off in benefits and avoid circumstances that would act as a deterrent to further work, the benefit may extend to incomes that are considerably higher than the intended group of beneficiaries. Accordingly, "the break-even level of income will be $27,000 for taxpayers with two or more children. This means that many will receive the credit who are above the poverty line"(Handler 108). While it is important to realize that this progressive structure may raise the costs of the program and benefit some who are not as much in need of the credit, it is likely an unavoidable side effect of EITC. Further, it is possible that by extending the tax credit further up the income scale, we will be helping out individuals whose poverty is less visible, those who do not meet the stringent income poverty designations, but still go without many essentials and are on the brink of plunging down into official poverty with one or two unfortunate events.

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For impoverished individuals life is often lived from day to day. As soon as money comes in from paychecks or government programs it is needed to pay bills and buy necessities. A serious shortcoming of EITC is its reliance upon tax returns. While it can augment an individual's hourly wage by, say, $1.50, he or she does not see that benefit with each paycheck. A lump sum yearly credit or refund may be an effectively paternalistic way to enforce some increase savings among the poor, but it may come at a time when it is not needed most. This issue returns to the problem of awareness and knowledge: there is an advanced payment option, but less than 0.5% of those who are eligible make use of it (Handler 109). This option may help out some families who are currently unaware if the government works to advertise its existence.

The British Working Families Tax Credit (WFTC) shares the same goals and many of the same structures as the EITC. Originally called the Family Income Supplement (FIS) when it was instituted in 1971, and renamed the Family Credit (FC) when it was revised in 1988, it had the "dual motivation of providing an income supplement for low wage families together with an incentive to work"(Blundell 189). FIS originally gave limited benefits to parents who worked at least 24 hours a week, but it grew substantially over the course of the next few decades due to "increased generosity of the benefit, higher take-up, and a growth in the eligible population, in particular that of single parents"(Dilnot 2). Requirements were further relaxed as the minimum work requirement was reduced to only 16 hours in the early 1990s, while benefits were augmented with the introduction of a childcare disregard (Dilnot 2).

In October of 1999, however, even more significant reforms, the ones that replaced FC with the WFTC, were implemented with the aims of increasing the rolls of recipients from the 780,000 in 1999 to a goal of 1,500,000 (Dilnot 2). With these increases in enrollment, the Labour government expects costs to be £5 billion per year, which is 1.5 % of the government's

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budget (Dilnot 4). One must keep in mind, thus, the similar economic commitment to tax credits in both the US and the UK. While the American EITC expenditures are much larger in real terms, at outlays of around $32 billion annually, than the £5 billion spent on WFTC, the programs command nearly equivalent portions of the national budget, for EITC is around 1.8% of the federal budget. Clearly these large increases in WFTC spending are important, for they have worked to keep pace with the US's level of monetary commitment. As measured by spending alone, the US and Britain send comparable signals in earmarking significant resources to "make work pay."

While WFTC is very similar to EITC, and is in some ways modeled after it and the perceived American successes, it differs from the US program in certain aspects. The aforementioned 16 hour weekly work minimum requirement is not found in EITC. EITC is

administered and qualified for based only on income and hourly wage, but it does not specify how many hours must go into making up those earnings. This is meant to promote work of any kind, even part-time, in single parent families in particular. Full time work is encouraged, however, and those who pursue it are rewarded with a small augmentation in their credit.

Clearly, the US and the UK are in agreement as to the importance of providing low-income families with a tax credit that can help stretch their paychecks. Both the EITC and the WFTC are extremely consistent with the ideology behind targeting programs to encourage work as a way out of poverty and dependence. Both credits increase progressively as income increases to a certain point, making working more a much more attractive alternative than would be otherwise. This is designed to work against the more traditional threshold programs that can discourage work when benefits are cut off or substantially reduced as individuals begin to work.

The UK, however, has launched a more comprehensive attack on one of the other problems that poor families face as they begin switching from public assistance to employment: childcare services and costs. Closely linked to WFTC itself is the Childcare Tax Credit, which "increases WFTC by 70% of childcare costs up to a maximum of £100 per week for those with one child or £150 per week for those with two or more children"(Dilnot 5). This is a significant addition to the tax credit, since childcare costs have the potential of negating any income gains made by a parent who leaves the home to begin working at a low paying job.

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The United States also has a childcare tax credit, which is aimed to alleviate the same problems as the British credit. However, it is much more limited than the UK's program, for it only covers up to 30% of a certain level of childcare (Page 175). With this tax credit, "[e]ligible employment-related expenses are limited to $2,400 if there is one qualifying dependent or $4,800 if there are two or more qualifying dependents"(Green Book 2000 Section 13). This tax credit also encounters many of the same problems that EITC does in the fact that it is only available as a yearly refund, which does little to help with expenses from week to week.

Further, for those who do not make enough to need to pay income taxes the tax credit is of no use because it is not refundable.

Clearly both the United States and the United Kingdom have loudly stated their intention to make work pay for their poor citizens by augmenting low wages with tax credits. The extent to which this will eventually pay off is yet to be seen, but with the strong political and public support they both now enjoy, it is likely that they will be given the opportunity to expand even more in scope and size before long. While they are not perfect solutions, the recent heightened level of spending and commitment: embodies the soul of the ideological movement toward programs targeted toward work.

The long-term success of EITC and WFTC will be played out in the coming years. In the meantime, statistics concerning EITC's impact thus far have been very heartening. The number of families who received EITC has increased by 6 million in the period between 1996 and 2000, and in that time, EITC lifted 4.7 million people above the federal poverty line (Center on Budget and Policy Priorities). All evidence is indicating that the program is making strides towards ensuring that the working poor are no longer impoverished. The goal of providing an incentive for people to work, however, is much more difficult to measure. It is nearly impossible to disentangle all of the possible factors that have gone into the increased rate of participation in the workforce by the poor. It may be the tax credits that are enticing them to work, but likely EITC is working in conjunction with the new work requirements tied in with TANF, as well as the burgeoning economy of the late 1990s to account for the increase. Unfortunately the reforms in Britain that led to the evolution of the WFTC were too recently implemented to have yielded statistical evidence of its effectiveness. Regardless speculative research conducted by the Institute for Fiscal Studies predicts that it will have a significant effect on the participation of single parents in the workforce (Dilnot 7).

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For all of their previous differences on the subject of the state's proper role in social welfare, America's EITC and Britain's WFTC are strikingly similar, from the percentage of GDP

dedicated to them, to their very structure and the addition childcare and child benefit and tax credits.

Health Care

While the United States and the United Kingdom have gradually grown philosophically similar in the area of public assistance, there is one area of social provision in which they have failed to coincide in either ideology or actual provision. The United Kingdom is world renowned, both in a positive and a negative light, for its universal health care system, while the United States is noticeably unique among OECD countries in not having a cohesive system that approaches anything near universal coverage. Obviously such diametrically opposed systems will have very different implications and outcomes for the poor in general, and for the working poor in particular. Initiatives in the US to implement universal coverage or provision have been consistently quelled by the dominant political forces which are wary of what they see as the socialistic tendencies in systems such as those in Canada and the UK. Meanwhile, the British health care system even managed to avoid Margaret Thatcher's privatization and marketization tendencies. In fact, "the NHS remains the most popular of state institutions (easily beating the monarchy—especially of late)"(Appleby 305). Obviously this drastic difference in public opinion concerning the value and necessity of the public provision of health care reflects not only cultural predispositions, but also concrete experiences with each system and a perception of the alternatives.

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The National Health Service, or NHS, is not only an integral part of the United Kingdom's welfare state, but it is also now the largest organization in all of Europe. It was established in July of 1948 with the intent of ensuring that healthcare was affordable and accessible for all, regardless of wealth or employment status. In one way or another, it is often the standard by which other nations measure their own health systems, for "[i]t is the envy of the world because it provides, with remarkable parsimony, a comprehensive service to the entire population. The service is tax financed and free at the point of delivery, with remarkably low administrative

costs"(Day 281). However, it is just as significant to realize that it is sometimes also "the butt of the world because the NHS provides care that, if usually high in quality, is delivered in an often dreary environment...[and] has always been undercapitalized and dominated by providers"(Day 281). Clearly it sets a precedent that has not gone unnoticed.

Having undergone significant changes in policy and administration over its fifty-year lifespan, the NHS today is reflective of strategies instituted by the Labour government beginning in May of 1997. It is currently guided by the new white paper: "The New NHS. Modern. Dependable." which advocates a retreat from the reforms of the early 90s which sought to create an "internal market" in attempts to make the system more cost conscious and to solve some of the problems that arose from the tighter budgets of the 80s in combination with escalating demand ("The NHS explained-The history of the NHS, 1988-1997"). Currently, the NHS "aims to bring about the highest level of physical and mental health for all citizens, within the resources available, by: promoting health and preventing ill-health; diagnosing and treating injury and disease; caring for those with a long-term illness and disability, who require the services of the NHS"("The NHS explained-What is the NHS?")

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The National Health Service is a complex and overarching government program administered by the Department of Health that provides health care to the entire population of Britain. Funding for the NHS comes from tax revenues, which places it under the accountability of Parliament. The services include everything from visits to primary physicians and specialists, to hospitalizations, pharmaceuticals, and dental care. In 2000-2001, the National Health Service cost the nation £54.6 billion, which made up around 5.9% of the UK's GDP, and employed around 33,200 as well as 18,000 dentists (National Statistics).

The most striking aspect of the British healthcare system, its universality, is also its most important tool for helping to alleviate poverty. By providing a service available for all, it attempts to ensure that even the poorest are provided with a considerable level of health care. Even the Thatcher government of the 1980s, which sought to marketize most aspects of the social

welfare state, kept its hands off of the manner in which the NHS is funded and administered, for when they "considered financing health care through insurance premiums rather than taxes, they decided against insurance because it would require a second, costly piece of bureaucratic machinery to collect the money alongside tax collection and was likely to be more complex and less equitable"(Light 329). By drawing the money for healthcare expenditures from the general tax revenues, the NHS plays a redistributive role in an attempt to equalize healthcare delivery among all socioeconomic groups. The pursuit of equity has been an underlying concern in British healthcare since the first fledgling national health insurance plan in 1911.

However, the UK experience in the 20th century has been that to make healthcare free at the point of service is not enough on its own to ensure universal equity; the problem of equal access and distribution is just as important. Prior to the implementation of the NHS medical services throughout the nation were very inequitable, and the government found that it took a tremendous effort to increase provision in underserved areas in order to bring the different levels into concert with one another. Since the late 1940s there has been a more or less Washington and Lee University consistent push through various pieces of legislation to adjust for those discrepancies, but the progress has been extremely slow due to tight budgets and has brought about a realization that "politically one can equalize only by upgrading inferior parts of the system and underserved areas; thus, equalizing takes a lot of money"(Light 331). Both in the UK and in the US it is generally an extremely unpopular political move to blatantly take funding from one area to reallocate it to another, so improvements in this inequality have taken time as facilities and funding in regions were carefully readjusted so that no area lost a significant amount. The nation has made progress, however, as the discrepancy between regional funding per capita decreased from 36% to 18% under the Thatcher administration (Light 332). This is a significant realization, that no matter how equitable the cost or funding of healthcare, the problems involved in guaranteeing that the poor receive equal medical treatment will not be alleviated without attention to equity in distribution and access.

The fact that British citizens have the ability to opt out of the public system poses problems in the minds of some people. They believe that by not making the public healthcare mandatory the richer segments of the population can pay for superior service, resulting in a two-tiered system of healthcare. However, since the NHS provides everyone with a level of healthcare that serves to ensure their basic health needs are met, as well as providing them with some special considerations like eyeglasses and prescriptions, there is no danger of not meeting the health needs of the poor. The ability to choose to pay for private services is consistent with the tenets of capitalism; within reason, an individual should be able to do what he or she wants with his or her wealth. There is little evidence that the care received under private auspices is of better quality, for most of the time it consists of experimental or elective procedures not endorsed by the NHS. Further, regardless of whether or not an individual takes advantage of the NHS, he or she must still pay for its services through tax contributions.

Despite its enormous scope, Britain's healthcare expenditures in relation to Gross Domestic Product (GDP) compare favorably to those in the US. The two nations spend nearly the same amount on public health services (the US's 5.8% of GDP to the UK's 5.9%), but the US spends 7.3% of its GDP on private healthcare in comparison to only 1.1% in the UK (United Nations Development Programme). These statistics betray an even bigger discrepancy in expenditures when one considers the fact that despite their limited scope and nature, US public health expenditures take up the same percentage of GDP as the UK's universal National Health Service. In fact, the US spends more per capita on health care, calculated at $4180 per person in 1998, than any other nation in the world, including Britain which only spends $1532 per capita (United Nations Development Programme). This obvious exorbitance is behind one of the two main problems with the current US health system: rapidly escalating costs. The other major problem, the lack of accessibility to the poor segments of the country, stems from both these rising costs and the nature of health insurance in the United States (Handler 132).

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Britain's National Health Service is unlike anything available in the United States. Healthcare in the US is primarily based upon employer-provided health insurance. To encourage and promote the vitality of this system, the government provides a tax subsidy by refraining from taxing the employer's contribution. Accordingly this subsidy is only beneficial to individuals with jobs that provide health insurance, and the benefits become progressively greater as income increases. The obvious negative implication for the jobless or under-employed inherent in this system is that it is quite easy for them to slip through the cracks. There is no guarantee of a minimal level of health care, which in Britain plays an important role in their view of the state's proper involvement in social welfare provision. While Medicaid provides insurance and care for certain low-income families who qualify under eligibility requirements, there are still large gaps within the US. According to Census Statistics, approximately 14% of the population was uninsured in 2000, putting the total number of individuals without insurance at a substantial 38.7 million (US Census Bureau). Without health insurance and the proper health care that comes along with it, the poorest are likely to suffer from the worst health, which will become a significant factor in promoting cyclical poverty.

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Medicaid is a means tested entitlement program designed to provide medical assistance to specific populations of individuals, including "low-income families with dependent children (in which one parent was absent, incapacitated or unemployed), low-income persons with disabilities, and low-income elderly, [as well as…] certain individuals with higher income [those slightly above the poverty line], especially those facing large costs for medical care, [and…] higher income children and pregnant women" (Green Book 2000, Section 15). The tremendous disparity between the Medicaid and the NHS in scope and size is important to keep in mind, for though Medicaid is one of the US's most extensive public assistance programs, it only covered 10.2% of the United States' population in 1998 (Green Book 2000, Section 15). Of those who receive assistance, a full 40.3% have incomes below the poverty line, and due to a moral tendency to promote child coverage, children under the age of six are the most likely to qualify

(Green Book 2000, Section 15). Clearly, significant gaps can be found among those people who are underemployed and who exist somewhere between the comfort of a job with health care benefits and low wages. Employees whose employers fail to provide health insurance, as well as a great majority of single people in poverty, remain uncovered. Even for those who are currently above the poverty line, the misfortune of a single terrible illness or injury can put them out of work, which combined with impressive medical bills, can thrust them into poverty for an extended period of time.

In recent years the Medicaid program has undergone significant changes as it failed to escape unscathed from the welfare reforms of 1996. Prior to the reforms, anyone who was eligible for Aid to Families with Dependent Children, AFDC, cash assistance, or Supplemental Security Income, SSI, automatically qualified for Medicaid coverage (Green Book 2000, Section 15). The automatic tie that existed between welfare and Medicaid was eliminated, however, with the introduction of Temporary Assistance to Needy Families, TANF. States now have a greater flexibility in setting the income requirements to determine eligibility; some, but not all, have taken the opportunity to offer more generous standards than those that were in place before the reforms.

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Recent legislation has also attempted to address the disincentives to work that "threshold programs" like Medicare have upon recipients. In threshold programs assistance is only available to those whose income is below a certain threshold. Once the income rises above that threshold, all assistance is cut, reducing returns to work and making it necessary for the increase in income to be very substantial in order to offset the costs of losing the assistance. In order to ameliorate at least some of these disincentives, the federal government has created "transitional medical assistance," or TMA. Under the TMA program, several groups of former Medicaid recipients are eligible to have their assistance extended for six to twelve months, depending on the individual's length of continuous employment over the prior six months, including families who lost benefits "due to increased hours of employment, increased earnings

poverty often go hand in hand, one exacerbating the other, this system works to eliminate one of the many barriers to upward movement that the impoverished face. Additionally, by not making receipt of public health care contingent upon income or status, the stigma associated with it is eliminated and the poor are unburdened with a worry that might otherwise consume much of their time.

On the other hand, the American hodgepodge system of employer-based private plans supplemented by means tested medical coverage for the very poor is not as consonant with the goal of making work pay. Individuals without proper healthcare are susceptible to poor health, which detracts from their potential as a viable member of the working population. The unacceptably high rate of individuals who are uninsured indicates the extent to which this is a problem. Without medical coverage, one big accident or illness can take away an individual's livelihood or wipe out his or her savings, thrusting them down into income poverty. The safety net of Medicaid is clearly not large enough if it fails to catch millions of people who fall through the cracks of employer-based insurance schemes. Even if the US continues to want to steer clear from broad-based or universal programs, there must at least be an initiative to make certain that all employers, no matter how low the wage, offer the option of some sort of health care to their employees. For this to be feasible the government would have to provide these employers with subsidies or tax breaks. It would be a far cry from completely revamping the health care system, yet far better than allowing people to continue without health coverage.

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If we are going to facilitate the move from dependence to employment it is important to realize that healthcare must not be contingent upon work. It is possible to see the American employer-based health insurance scheme as an incentive for people to work; you find and keep a steady job, you receive health benefits. However, in order to land that job in the first place, healthcare is extremely important. If an individual does not have access to basic preventive care, he or she is much more likely to have to miss work for chronic illnesses or conditions. If he or she does not have access to dental care, the tooth decay that may result will diminish their appearance and stand as yet another obstacle to obtaining employment. In order to help people into jobs and off of

welfare, we must pay attention to their capabilities, which includes ensuring that their physical and mental health has been taken care of so that they are able to pursue employment.

Evaluation and Conclusions

From the above examination, one can trace certain similarities and marked differences between the social welfare programs of the United States and the United Kingdom. Regardless of differences in the past, both nations are politically committed to targeting work among the poor, and it is the duty of the social assistance programs to help push reality toward those lofty goals.

It is likely that the provision of tax credits to the working poor is the program that is the most coherent with the agenda of pegging poverty alleviation on the transition of welfare recipients into work. By administering the credit along a progressive scale, EITC and WFTC provide pure incentives for low-income individuals to work more hours. As the generosity and the gradualness of the phase out of the tax credit increases, work becomes a more and more enticing alternative to accepting welfare checks. In both programs there are incongruities between practice and goals to address, but overall the increased funding and rhetorical attention to them has done a great deal to further the policies.

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In the arena of healthcare, the most strikingly dissimilar type of social assistance, the United States and the United Kingdom have adopted approaches that are very nearly diametrically opposed to one another. Even the statistics give an indication that the United Kingdom has been more effective in ensuring a basic level of medical service provision. Perhaps the American insistence on individual choice and an instinctual shying away from excessive government involvement in providing services that now make up a mostly private, and very profitable, billion dollar industry. Perhaps too many voters have heard horror stories of six month waits for critical and time sensitive surgery or doctor's offices that closely resemble the cold sterility of the assembly line. It is difficult to deny that there is a significant problem in

the US health care system, however, when so many people go without insurance despite the fact that we pump so much more money per capita into the medical profession. Though the face of British medicine may not be the exact "feel" or "look" that the US wants to achieve, it does provide a significant example of how one nation can cover its entire population for a fraction of the per capita cost that America currently incurs.

Unfortunately, there are no clear-cut solutions that can be garnered from cross-national studies and discussions. And it is important to realize that the narrow differences between the US and the UK do not allow for the perspective that would suggest the type of truly revolutionary reforms that might be necessary to find the most effective means of combating poverty. It is quite possible, and a great deal of scholarly research supports this, that the current rhetoric that is focused on targeting and welfare-to-work is less effective than more broad-based or universal schemes. It is important to keep this possibility in mind.

Regardless, the successes that both EITC and WFTC are enjoying, as well as the ideological compatibility that the NHS has with welfare-to-work initiatives, recommend them highly within the current political and social atmosphere. They also belie the grander reality that the broad-based welfare and social programs found in countries like the UK are much better suited to supporting targeted initiatives, for they provide the individual with the background, tools, and safety nets that he or she will undoubtedly find necessary in the attempted climb out of poverty.

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