



Welfare Reform, Accumulation and Social Exclusion in the United Kingdom

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Jordan (2000) notes how while there is a possible confluence between social work practice and New Labour's social inclusion agenda, social work has been excluded from it. The explanation for this lays in the narrow definition, focusing almost entirely on exclusion from paid employment that frames political concerns with social exclusion in the UK. However, the policies designed to tackle social exclusion even in this rather narrow approach should be of concern to social work because it is possible that they will exacerbate rather than tackle the exclusion that many social work clients face.

To explore these issues this paper draws upon Penna's (2001) argument that there is a tension between the desire to tackle social exclusion at a national level and global economic governance that constructs neo-liberalism as being the only way forward to economic prosperity and stability because the operation of neo-liberal political economy creates social exclusion. The paper examines these tensions by focusing upon what Adler (2004) identifies as a new model – the employment model – for the relief of poverty in the UK.

The paper discusses the antecedents of the employment model in the shift from Keynesianism to neo-liberalism. The paper demonstrates that the employment model is concerned with regulating a number dilemmas related to labour power and the wage relation that have emerged from the acceptance of the global neo-liberal economy as being the only viable economic paradigm. It then goes on to discuss the contingent nature of this process, highlighting the contradictions raised by the employment models in terms of economic development and the tackling of social exclusion.

1 Introduction

Jordan (2000, 141) argues how 'there should be an easy fit and good compatibility between the values underpinning New Labour's [social inclusion] programme and those that drive social work practice'. He notes, for example, how the 'strong promotion of social inclusion as a policy goal seems to offer a particular opportunity for social work' (ibid.). He goes on to argue though, that social work has, in fact, been excluded from New Labour's programme of tackling social exclusion. For our purposes the most important explanation of why social work has been left out of this agenda is the rather narrow definition of social exclusion that structures it. There is some recognition that social exclusion is multi-dimensional and can be used to explore the inter-connections of social and economic phenomena that act to exclude individuals from mainstream society (for example, <http://www.socialexclusionunit.gov.uk/page.asp?id=213>). In its political use though, the idea of social exclusion has been reduced to concerns with exclusion from paid employment (see Giddens 1998; for critique, Levitas 1998) in a process that individualises exclusion rather than taking seriously its embeddedness in social and economic practices (Grover and Stewart 2002

47-51). It is this focus upon, and concern with, paid employment that Jordan (2000) argues is one of the main reasons that social work has been rejected as a practice that may help to tackle exclusion. As Jordan notes (*ibid.*, 142) social work is seen as ‘not [being] suited to...hard edged economic roles’ that frame the tackling of social exclusion in the UK.

However, while it is the case that social work is not seen as being an enterprise which can contribute to the tackling of social exclusion, it is also the case that addressing exclusion will have an impact upon social work service users, for its main approach – getting people into paid employment – involves a new approach in benefit administration for groups – poor families, especially lone parents (read mothers) and sick and disabled people – that make up a large proportion of social work clients. The new model of social security, what Adler (2004) describes as the ‘employment model’, with its authoritarian drift and work-focus is likely to increase the pressures faced some of the most vulnerable people and may end up deepening the social exclusion that many social work clients already endure (c.f. Schorr 1992; Becker 1997; Jones and Novak 1999).

Penna (2001) provides a framework for examining these issues when she outlines the structure of global governance that helps to shape the social welfare and service interventions in the European context. Penna’s paper is important because it highlights, first, the multi-layered nature of economic governance and, second, the tensions that the various levels of governance can create for national governments attempting to deliver policies. Most notably, Penna argues that the ‘architecture of governance’ (*ibid.*, 1) constructs global neo-liberalism as being the only way forward if the desire is economic prosperity. The problem with this, Penna suggests, is that it acts to undermine pretensions at the national level of tackling social exclusion. This is because social exclusion, ‘particularly those dimensions resulting from an income polarisation...is constantly being produced by the operations of the contemporary political economy’ (*ibid.*, 4).

While Penna’s argument provides a general context for this paper, a particular point she makes regarding the relationships between the global and local provides the inspiration for it. This is the point that while various governments are committed to neo-liberalism as the economic way forward, there is not homogeneity in how they govern this process at a national level. This means there is scope for focusing upon the ways in which individual nation states have engaged in the governance of accumulation and the contradictory pressure this creates in relation to tackling social exclusion. Given these observations, it is timely to explore how a particular set of welfare interventions – the employment model – related to income maintenance policy in the UK are structured through a concern for buttressing economic stability and in doing so what their potential for tackling social exclusion is.

The paper is divided into two main sections. The first discusses the UK’s employment model of welfare and its relationships to the governance of accumulation. This section outlines the importance of the supply side in New Labour’s desire for economic stability and demonstrates how the employment model is concerned with increasing the supply of labour to help ensure that the economy does not face the destabilising effects of (wage) inflation. The second section develops a critique of the employment model by examining the ways in which its role in the governance of accumulation relates to the tackling of social exclusion. Through a focus upon the potential outcomes of the employment model in terms of wages and paid work and policies through which the model is structured, it is demonstrated how the employment model may act to exacerbate, rather than tackle, social exclusion. The implications of this for the governance of accumulation are also explored.

2 The UK's employment model of welfare

Adler (2004) identifies the employment model as being a new model in post-World War II social security provision in the UK. While he over-emphasises change at the expense of continuity, particularly in the principles governing social security policy, Adler is right to point to the employment model as consisting of two main elements; work activation measures and the subsidisation of low and/or part time employment through tax credits.

Adler's explanation of the development of the employment model is located in the social administration tradition. He suggests (*ibid.*, 102), for example, that tax credits were developed as:

'a new form of social protection for a set of risks, primarily low pay and the costs of childcare, which many traditional social insurance schemes have ignored. In addition, they deal with some of the unintended and perverse effects of means-tested social assistance, in particular the poverty and unemployment traps, low take-up and the disincentive to save'.

The problem with such arguments is that they decontextualise UK welfare policy from concerns outlined by Penna (2001). In brief, they fail to analyse the employment model in terms of the governance of the accumulation process to which modes of welfare and their discursive construction have been central since the dawn of modernity.

Our concern is with the dilemmas for labour process and wage relation that globalisation has created at the national level in the shift from the Keynesianism to the neo-liberalism of Thatcherism and after. In particular, our concern is with non-employment, employment flexibility and wages. These three inter-related areas are central to understanding changes to social security and labour market at the national level because of the dilemmas that they raise. At the centre of these is the how some of the market failures of neo-liberalism can be tackled, most notably how to increase employment levels (while constraining wage inflation for competitiveness and stability purposes) in the context of structural changes in the global spatiality of manufacturing and the rise in importance in the UK of flexibilised and low-paying sectors of the service sector.

As Jessop (1994a, 1994b, 2002) argues, social policies are crucial to understanding how such economic dilemmas are regulated at a national level. In the past three decades or so the supply side has become crucial (see Thompson 1996; King and Wickham-Jones 1998; Peck and Theodore 2000). New Labour, in particular, has made it clear that only through interventions on the supply-side can future economic stability be ensured. This is most pertinent to welfare issues in New Labour's concern with managing what it describes as the 'effective labour supply' (HM Treasury 1999):

'The economy does not contain a fixed number of jobs. One person's employment should not be seen as another's worklessness. Instead by bringing workless people closer to the labour market and making them more effective at competing for jobs, total employment can be increased. With a more effective supply of labour, employers can fill their vacancies more easily and the economy can grow without hitting skills shortages or running into inflationary pressures. In a dynamic labour market, that growth leads to higher employment' (*ibid.*, para. 4.10).

It was argued by New Labour in the early years of its first government that a combination of supply side failings (people having the 'wrong' skills and attitudes to paid employment) and a

failure of Conservative governments to address them through welfare reform in the 1980s and 1990s had led to a situation where non-employed people had become detached from labour markets (Brown 1999). For New Labour those not in paid work were essentially unwilling to adapt to the flexibilities required in the new global economy and had not been encouraged by the state to do so (c.f. Callinicos 2001).

From a welfare perspective this was problematic for individuals, but it was also problematic from an economic perspective because it was held to be increasing the Non-Accelerating Inflation Rate of Unemployment (NAIRU), thereby dampening New Labour's desire for stable economic growth and undermining its aim of eradicating the 'boom and bust' of the UK's post-World War II economic cycle (c.f. Blair 1998). In other words, change in welfare policy was central to New Labour's concern with structural reform of labour markets in order to manage economic stability in the global economy (Hewitt 1998). In this sense, New Labour has focused upon increasing the number of work-ready people actively searching for paid employment as a means of economic governance. The employment model is central to this process and it is to its two main elements that we now turn.

Financial incentives to work

Ever since the introduction of state-organised systems of poverty relief, there have been concerns that such relief has the potential to encourage poor people into idleness and fecklessness. In the UK such arguments were most forcefully put forward in the little discussed Report of the Select Committee on the Poor Laws (1817) and in the more widely recognised and discussed report of the Royal Commission on the Poor Law (1834 – Checkland and Checkland, 1974). The latter was particularly important because it established the principle that market wages should not be directly subsidised by local or central governments which was to frame social security policy making for the following 140 years. However, in a reversal of this policy in 1971 a direct wage subsidy paid as an in-work benefit to mothers – the Family Income Supplement – was introduced in the UK. With the extension of the level and extent of in-work benefits, first through the Conservative's Family Credit in 1988 and the various tax credits of New Labour, by the first decade of the 21st century about 1:10 (9.6 per cent) of the working population in the UK now have their wages subsidised through tax credits at a level beyond the family element¹ (extrapolated from Inland Revenue, 2004 and National Statistics, 2004). In 2003/04 tax credits for people in paid work cost £10.1 billion (personal communication from Revenue and Customs 2005).

Paid employment is not subsidised to this extent because of concerns with the financial welfare of low paid people. In contrast, wage subsidies are held to be important because low wages threaten a second principle of social security policy; that benefit levels should not erode the financial incentive to take paid employment. However, this principle is structured through an inherent tension which Beveridge (1942, para. 413) highlighted:

'The maintenance of employment – last and most important of the three assumptions of social security – will be impossible without greater fluidity of labour and other resources in the aftermath of war than has been achieved in the past. To secure this, the gap [between in-work and out-of-work incomes] should be as large as possible for every man. It cannot be kept large for men [sic] with large families, except by either making their benefit in unemployment

¹ The Family Element of Child Tax Credit is off-set against the tax bill of workers with dependent children as long as the household income is below £50,000 per annum. It is paid as a cash transference as part of Child Tax Credit for non-employed people.

or disability inadequate, or by giving allowances for children in time of earning and not earning alike’.

Beveridge recognised that a differential between benefit and wage income could be secured if the state intervened by paying family allowances to people with dependent children. Without these universal benefits people with dependent children would have to be paid ‘inadequate’ benefits when out of paid work to ensure that they had a financial incentive to take paid employment if it became available.

However, it soon became apparent in the post-World War II period that if there was a threat to work incentives it came not from high levels of benefit, but low wages (c.f. Abel-Smith and Townsend 1965). Since the 1960s policy makers have been struggling with these competing pressures; how to maintain financial incentives to labour while ensuring that families with dependent children are not living in households with unacceptably low (however that might be defined) incomes. It is within this historical context that the new employment model needs to be understood, for it aims to provide through tax credits a financial incentive to take paid employment by increasing the net income of low paid workers.

This is important from our perspective because it is thought that such incentives not only maintain a commitment to paid employment, but actually increases the number of people wanting to work. This is because by increasing net income in-work payments like tax credits act to lower the wage at which people should be willing to work (Grover and Stewart 1999). In the UK this was particularly important before the introduction of the National Minimum Wage in 1999 when typical wages available to benefit claimants at entry level were stagnating and in the mid-1990s were lower in real terms than they had been in the 1970s (Barclay 1995). However, it is still relevant, first, because of the low level at which the NMW has been set and, second, because of the flexibilisation of labour markets, especially the increase in part time employment. Because claimants only have to work 16 hours per week to claim tax credits it has been argued (Grover and Stewart 2002) that in-work relief is crucial for increasing the number of people willing to work part-time hours of at least 16 per week.

However, as in previous eras economic rationality alone is not held to be enough to guarantee that non-employed people will enter paid employment. In contrast, they are seen as being demoralised and in need of ‘encouragement’ to get into paid work (Mead 1986; 1997; for discussion, Deacon 1997; 2002). This leads us to the second element – work activation measures – of the employment model.

‘Work first’: the pressure to work

Finn (1998) argues that changes in social security policy from the late 1980s represented the development of a Stricter Benefit Regime (SBR). The aim of the SBR was to increase pressure on claimants to seek paid employment and, if required, to take part in re-motivation courses. The Jobseeker’s Allowance (JSA), introduced by the Major government in 1996, was central to SBR, for it ensured that unemployed people could not reject paid employment because of wage, hours or employment conditions. While in opposition the Labour Party were highly critical of the JSA, but on being elected in 1997 New Labour did not abolish it. In contrast, New Labour has developed the scope of the SBR through compulsory work activation policies, such as the New Deal for Young People and the ‘intensive activity period’ (a 13 week period of training and/or work placements) of the New Deal for people aged over 25 but under 50.

New Labour has also increased, beyond those officially defined as unemployed, the scope of claimants who are expected to take part in mandatory work-focused activities. From 2006 all those people of working age making new claims for social assistance, sickness and disability-related benefits, bereavement benefits and benefits for carers have to engage with work-focused interviews as a condition of receiving benefit. Such interviews occur to initiate claims and then at certain 'trigger points' to continue claims. In the case, for example, of lone mothers the 'trigger points' are every 6 months, or every 13 weeks for those living in particular geographical areas.

There are other new deals introduced by New Labour – for lone parents, disabled people and the partners of unemployed people – that remain voluntary in the sense that benefit receipt is not dependent upon participation. However, particularly the new deals for lone parents and disabled people operate in an environment where both these groups of claimants are vilified by sections of the UK's press, often fuelled by the comments of government ministers, as being 'scroungers'. This process is aimed at constructing them as being 'socially less eligible' (Ginsburg 1979) than New Labour's preferred 'hard working families' (Brown 2000; HM Treasury 2003, 2005) and acts to put pressure upon them to engage in the activation measures.

Work activation initiatives also aim to increase the size of the effective labour supply because, first, they are drawing in more groups, and groups until the election of New Labour that were not seen as unemployed labour, into readying themselves for and seeking paid work. Most notably, user groups of social services – lone mothers and sick and disabled people – are being drawn into mandatory and 'voluntary' work activation measures. Increasingly, these groups are being defined as unemployed labour, rather than having a 'protected' status outside of paid employment (see Grover 2005 on lone mothers and Grover and Piggott 2005 on sick and disabled people). Second, the New Deals are also aimed at increasing the closeness of non-employed to labour markets through preparation for work activities, such as educational courses and work experience.

Constraining wages

The policy developments discussed in this section are important because it is hoped that by increasing the effective supply of labour they will help constrain wage inflation. In this sense, the employment model works at two levels. First, in simple supply and demand economics increasing the supply of labour should help to restrain wages by providing capital with a greater pool of potential labour to choose from; the more people available to labour, the cheaper they should be to hire. Second, the wages of low paid workers are being directly subsidised by the state through the tax credit system. We have seen that one of the principles that used to inform social security policy making was that market wages should not be subsidised by the state. This was because, following arguments in the Royal Commission on the Poor Law report, such subsidies were held to encourage employers to deflate wages. This is now known as the 'Speenhamland effect' after the Berkshire parish which ratified the payment of in-work relief in 1795 (Wilkinson 2001). Until the 1970s the fear of the 'Speenhamland effect' prevented the direct subsidisation of wages. However, in a reversal of approach, it is possible to argue that one of the main aims of the employment model is to maintain downward pressure on wage levels as a way of encouraging job growth. While creating work in a direct sense was abandoned with Keynesianism, the aim of the employment model is to encourage employment growth by making labour at entry level as cheap as possible.

We have seen in this section that the drive has been to increase in the numbers of people willing to work in the flexibilised sections of the economy. Supply side social interventions have been central to this process. However, it would be theoretically unsound to argue that policy makers a priori thought that such interventions would 'work' as fixes to employment-related dilemmas. In contrast, we should consider the policies discussed here as helping to constitute the objects of governance (wage relations and the employment process), rather than merely being a response to the dilemmas emerging from globalised economic activity. In this sense, for instance, we should consider the developments in labour market and social security policy outlined here as not just being a reaction to the flexibilisation of labour, but as something that helps to facilitate it; the employment model is implicated in what Gray (1998) describes as 'flexploitation'.

However, it should also be noted that such modes of regulation are always contingent and are likely to raise further issues that require intervention at the nation level. As Jessop (2002, 231) argues in a general sense:

'this is one of the bases on which the welfare state has often been criticized – that it generates the problems it addresses. This also suggests that it will be self-expanding – always finding new problems to solve – and, perhaps, ultimately self-defeating as it becomes more complex, overloads itself with tasks, and eventually produces a crisis of ungovernability'

It is to such issues that we turn to in the following section where we examine how the operation of the employment model raises not only concern about its ability to tackle social exclusion, but also raises a number of tensions between New Labour's preferred route of economic development – the knowledge-based economy – and the low-waged, insecure, cost-competitive nature of employment that structures and is facilitated by the employment model.

3 Social exclusion and the employment model

'Making work pay'?

'Making work pay' is the New Labour mantra for describing a combination of the tax credit regime and the National Minimum Wage (NMW) introduced in 1999. As we have seen, the aim of the employment model has been to restrain wage levels by increasing the number of people competing for paid employment and directly subsidising wages. At first glance, the NMW seems to be inconsistent with this approach because the trend so far has been for it to be increased with a degree of regularity. However, when considered in relation to the 'Speenhamland effect' discussed above, it soon becomes apparent that the NMW is consistent with the role of the employment model in the accumulation process. There is a delicate balance between the desire for more entry level employment and very low wages that would undermine the financial efficacy of the tax credit element of the employment model which, as we have seen, already costs in excess of £10 billion per annum.

In terms of the financial aspects of social exclusion, the problem with this strategy is that while delivering higher net incomes to poorer families, the 'making work pay' agenda actually institutionalises low wages around the NMW. The danger for those people entering paid work from out-of-work benefit receipt is that the NMW will become a maximum rather than a minimum wage at entry level. This might happen because of various reasons. First, in a classic 'Speenhamland effect' employers may only pay the NMW, or a wage near to it, as they become aware of the fact that anything above the minimum can be brought up to a politically defined minimum through tax credits. Second, individuals, as they are encouraged

to do so by the employment model, may take low paid employment under various levels of pressure from government agencies as a first step to (re)entering paid work. However, they may later find that this initial employment does not allow them to move into better paid employment. So, for example, Gray (2001, 195) notes that there is some 'disturbing evidence that some lone parents may have used Family Credit [the precursor of New Labour's tax credit regime] to take up jobs below their full potential, finding later that they have the wrong work experience to move upwards'.

Third, and a variant of the Poor Law Commission Report argument, it has been argued since the 'discovery' of the poverty trap by Field and Piachaud (1971) that means-tested relief offers little incentive to earn more money because of the withdrawal of it as wages increase. Lydon and Walker (2004) argue that the assumption here is that the poverty trap reduces the benefits of on-the-job training, but it might equally be the case that it deters individuals from working longer hours or overtime because of the potential affect upon benefits.

Employment prospects

The above observations are problematic in the sense of the reduced life chances of individuals and (if they have any) their children if the former becomes trapped in low paid employment, but they also seem to be inconsistent with New Labour's plans for the nature and direction of the UK's economic development. New Labour has made it clear that the UK's economic position can only be secured in the global economy if productivity is increased (HM Treasury 2004). This involves bringing together the three factors – innovation, competition and enterprise – of New Labour's version of the 'knowledge economy' (Brown 2000), as well as 'raising skill levels to create a more flexible and productive workforce and investment to increase physical capital' (HM Treasury 2004, para. 4.1). The employment model is inconsistent with the importance placed upon improving productivity as it aims to get people from poor workless households into entry-level paid employment where competition between employers is more likely to be premised upon (low) wages levels rather than productive competence. The scope for increasing productivity in such labour markets is likely to be limited, but in relation to out-of-benefit recipients New Labour prioritises reducing the incidence of workless households over the quality of the jobs those people are going into.

In its meritocratic thinking, New Labour hope that once in paid employment individuals will progress up the symbolic 'employment ladder'. However, it is equally possible, as the previous section indicated, that those people leaving out-of-work benefit receipt for paid employment will become stuck on the bottom rung of the ladder. Evidence to support this contention comes from a report produced for the United Kingdom's Cabinet Office (Atkinson and Williams 2003). Atkinson and Williams (2003) argue that low skill and status jobs 'provide little or no basis for substantial advancement through the labour market'. Given such findings, New Labour introduced the Employment, Retention and Advancement (ERA) 'demonstration project' which aims to help certain benefit claimants (notably lone parents and long-term unemployed people) to find, keep and move forward in their employment through a case work approach and incentives to train. Whether such programmes can help people to improve their labour market position is not yet clear, although it is likely that what appears to be a rather individualistic approach focusing upon employees will need to be broadened to incorporate employers if it is likely to be successful (Johnson 2002). This may prove to be problematic as it has been observed that employers often attach low priority to reducing turn-over through training in low-skilled jobs (Atkinson and Williams 2003).

Whether an individual in a low paid, under-valued job can be classified as being socially included is doubtful, for while paid work is prioritised in the UK as being the mark of inclusion, there is little indication that having such paid employment will tackle its interconnectedness with other dimensions of exclusion, such as low income, poor housing and the effects of living in high crime areas.

Social exclusion and the work first approach

This paper has so far focused upon the economic antecedents of the employment model of welfare. However, it is also the case that New Labour's welfare reform agenda is framed by a particularly prescriptive and authoritarian brand of communitarianism closely associated with the moral philosopher Amitai Etzioni (1995, 1997). This brand of communitarianism suggests that all individuals have a duty to act responsibly and that, if necessary, the acceptance of responsibility should be enforced by 'the community' (Deacon 2002).

In terms of the employment model the moral imperatives of the New Labour agenda conjoin with the economic imperatives. As Callinicos (2001, 62) argues:

'There is ... an important sense in which New Labour authoritarianism is a consequence of Gordon Brown's version of neo-liberal economics... if macro-economic stability is secured and the right supply-side measures are in place, any further unemployment is voluntary. Unemployment is in these circumstances a consequence of the dysfunctional behaviour of individuals who refuse to work, and this behaviour must in turn be caused either by their individual moral faults or by a more pervasive 'culture of poverty'. The kind of coercion implicit in the New Deal for the long-term unemployed, where government benefits are denied those refusing to take part, is therefore legitimate'.

The problem with this potent mix of neo-liberal economics and moral individualism and authoritarianism is that it has the potential to exacerbate social exclusion. So, for example, the New Deal for the Young People (NDYP) allows for the withdrawal of benefit from people deemed to be non-compliant for up to 6 months; that is potentially six months with no income at all. The evidence (Saunders et al. 2001) suggests that while the 26 week penalty is rarely used, 15 per cent of participants on the NDYP have had their benefit suspended for up to four weeks (Bivand 2002).

In terms of the financial aspects of social exclusion the problems are obvious. First, the use of such suspensions merely helps to concentrate social exclusion by withdrawing from benefit claimants the already inadequate benefits to which they are entitled. Second, the disciplinary regime of programmes like the NDYP may encourage participants to disengage with the mechanism that is designed to include them in society. Young people have aired this concern with regard to the NDYP, noting that it 'will push some people into working in the illegal economy or into crime because they do not want to take any of the options'² (Bentley et al. 1999, 101). There is some empirical evidence that supports this line of thought, for a substantial minority of young people have disengaged with the NDYP. To September 2002 a third (29 per cent) of young people left the new deal for unknown reasons. The government argues that many of these will have left for paid employment, but the evidence that this is the case is not convincing (c.f. Hales and Collins 1999).

² The 'options' stage of the NDYP is a 6 month period in which conscripts are expected to take part in one of four possible schemes: paid employment which is subsidised by the state, education, a placement with a voluntary organisation or a place with the environmental taskforce.

However, these are not just concerns that affect young people. There is a notable tension, for example, between the desire to tackle child poverty, perhaps the most insidious form of social exclusion in the UK, and placing pressure on the parents of children to take paid employment as the main means of doing this. The Child Poverty Action Group (Social Security Committee 2001, question 120; see also Barnes and Fimister 2001, 40) have expressed concerns about this direction of policy in the context of separating benefits for children and adults through the tax credits regime:

‘there is an increasing move towards compulsion, for example, the ONE interview³ ... [it] will be compulsory for the first time for lone parents, many carers, many sick and disabled people to attend a work related interview... introducing more compulsion and sanctions into the system has its risks... The relevance of the Integrated Child Credit⁴ is if you sell this as, “This is the payment for the child”, does this make it easier to push forward a regime of sanctions for the parents? ... We are seeing moves towards increasing sanctions and compulsion. The worry with Integrated Child Credit is that it could actually help to facilitate that, and I do not believe that the evidence for sanctions and compulsion is as yet sufficient ... to show that they even meet labour market wishes, let alone an agenda on tackling poverty in families and for children’.

In many ways the tensions and contradictions that we have examined in this section emerge because of New Labour’s belief that in order to rise to challenge of the globalised economy socially excluded people can and must engage with it on its terms. This, as we have seen, has at least two implications. First, most people leaving out-of-work benefits face employment in low paid, flexibilised sectors of the economy where there are few long-term prospects for career or wage advancement; something, that the interventions of the employment model may actually encourage. The emphasis here upon the number of people in work and not upon the quality of the jobs they are employed in raises concerns about the likely success of New Labour’s desire to develop an inclusive knowledge-based economy. In contrast, what we seem to be witnessing is further facilitation of the flexibilities of a necessarily exclusionary core/periphery model of employment (c.f. Atkinson 1984a, 1984b, 1985; Atkinson and Meager 1986).

Second, the process of the commodification of labour that we have discussed also produces tensions and contradictions with respect to addressing social exclusion. Ultimately the commodification of labour power relies on the disciplinary power of the state. If people reliant on state benefits are unwilling to work on the terms of ‘the market’ then they need to be punished until they are willing. This exacerbates rather than tackles social exclusion.

4 Conclusion

This paper has drawn upon Penna’s (2001) observation that a tension structures the desire to tackle social exclusion at a national level when national governments support global networks of economic governance that are essentially neo-liberal in character. The paper has examined New Labour’s employment model of welfare reform as a means of exploring this tension. It has demonstrated how the structure of the employment model, like modes of welfare that came before it, is concerned primarily with the governance of the employment-related aspects of the accumulation process. The role of the employment model is to buttress neo-liberal

³ This is now the work-focused interview that occurs at the start of claims and at ‘trigger points’ thereafter.

⁴ The Integrated Child Credit was the working name for what is now known as Child Tax Credit.

accumulation by ensuring that capital does not face economically destabilising labour shortages; developing the 'effective labour supply' through welfare interventions.

We have also examined how the two main methods of developing the effective labour supply – the widespread payment of in-work subsidies and the Stricter Benefit Regime – are both problematic because they have the potential for exacerbating social exclusion. This is particularly problematic for social work because it is groups that are already excluded and, who because of this, are more likely to be in contact with social services departments, who are seen as being the effective labour supply of the future. Poor families, especially lone mothers, and sick and disabled people, are becoming defined as unemployed labour and in need of 'encouragement' to get into paid work through financial incentives and work activation measures. In this sense social work is facing new challenges of working in the context of a more authoritarian benefit regime where the focus is upon paid work rather than allowing individuals discursive membership of social groups (for example, 'lone mother' or 'disabled') that can legitimately not work.

Jordan (2000) indicates that there is a possible role for social work in helping such groups negotiate transitions between work and family life. In this sense, he sees a potential role for social work in tackling social exclusion even according to New Labour's narrow employment-focused use of the concept. However, he goes on to argue that social work has been rejected for this role, the favoured practice being what Jordan and Jordan (2000) describe as 'enforcement counselling' by a newly created group of, by extension, enforcement counsellors (for example, New Deal Advisers). In many ways, this is not surprising because although social work, on the whole, has been a conservative enterprise, it has not 'enjoyed unconditional support from elite groups' (Jones 1998, 40). According to Jordan (2000) it certainly does not have the support of New Labour in tackling social exclusion. In contrast it is left to continue in its historical role in the 'management and control of the disadvantaged and distressed' (Jones 1998, 43), rather than attempting to socially include such people.

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