

SOCIALIST RENEWAL

The Rights of the Unemployed

A Socialist Approach

ANNE GREY

Pamphlet
No 7

EUROPEAN
LABOUR
FORUM

£1.95

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I

Introduction

The appearance, in November 1995, of the Labour Party's 'New Deal for the under 25s', presents a challenge to the left to define an alternative approach to unemployment and benefits. Gordon Brown hit the headlines with his defence of the notion that young people who refused all of the plan's 'options' should have their benefit suspended. Whilst press reports revealed some dissension from this idea within the Shadow Cabinet¹ the Labour leadership attempted to maintain a united front in public. Rather than the fine detail of the New Deal — much of which is still the subject of controversy and changing positions within the Parliamentary Labour Party — it is the Labour Party's conversion to some soft version of workfare which deserves the attention of the left. The 'New Deal' has far-reaching implications for Labour's policy both on employment and on the future of the welfare state as a whole. Beyond the superficial appeal of the plan which Brown's office claims brought hundreds of positive letters, there lies a severe threat both to traditional concepts of social insurance, and to Labour's minimum wage policy.

This pamphlet traces, the whittling away of unemployed people's rights under the Tories, and Labour's changing responses to this process. It should serve both to remind us how much ground has already been surrendered and to define what needs to be won back. In presenting this history in some detail in Part 2, I have taken the view that it is important to record and analyse the last ten years of attacks on the rights of the unemployed and struggles over this issue, in recognition of the fact that many of those whose

benefit rights are now threatened by Tory and Labour policy alike were children in 1986-88. Those now writing letters to Gordon Brown may be unaware of what has been lost.

Part 3 develops a critique of the New Deal in the light of this history, showing how it heralds a new cross-party consensus in favour of workfare, undermining not only Labour's minimum wage policy but Labour's previous positions on teenage benefits, the Jobseekers' Allowance, rights of the unemployed to do part-time study, and on trade unions' role in relation to employment-scheme labour. The specific provisions of the New Deal, summarised in the box on the next page, may change; but what it seems to have established is New Labour's commitment to a series of 'make-work' schemes for the unemployed at sub-normal wages. The New Deal document draws out, for the first time, the logical implications of Labour's new approach to benefits which was evident in a previous Party document ('A New Economic Future for Britain', of June 1995). In both documents may be found a new philosophy about why benefits are paid; they are no longer seen as an *entitlement*, but arise from an implied contract between the state and the claimant; '*responsibilities*' are exchanged for '*opportunities*'. This spells danger to National Insurance as we know it.

Part 4 analyses the concept of 'workfare', showing why the New Deal can be considered a form of workfare, despite Gordon Brown's protestations to the contrary. It then examines how workfare and benefit sanctions operate on the labour market, and how they affect wages and conditions of existing workers as well as the prospects of the unemployed.

Part 5 traces the origins of New Labour's thinking on benefits to Clinton's workfare proposals in the USA, and to 'think tank' proposals in Britain. It considers how different are the American and Swedish approaches to special employment measures — the American discourse being one of claimants expected to give something in return for taxpayers' charity, and the Swedish system being based on trade unions protecting their unemployed members.

LABOUR'S NEW DEAL FOR THE UNDER-25s — November 1995

Who would have to take part?

All aged 18-24 and unemployed over 6 months

What would they do?

Choose one of four options:-

- 1) full-time study on benefit, for those 'without basic educational qualifications'
- 2) a six month job in Labour's Environmental Taskforce;
- 3) a private sector job; the employer would get a £60 per week subsidy for six months
- 4) a six month job in the non-profit sector.

Pay for all jobs: equal to benefit level plus £20 per week, for four days' work. Benefit for single people is £36.80, plus £20 makes £56.80 for 28 or more hours (just over £2 per hour)

Training in all jobs: one day per week

What about those who refuse?

Benefit cut by 40% for an unspecified period

While the Swedish system of the 1980s has been wrongly presented as 'workfare' by the right, the Employment Policy Institute's 'job guarantee scheme', which has clearly influenced Brown's New Deal, is more like workfare American-style than the Swedish model on which it purports to be based. Etzioni's ideas for compulsory youth community service, which also appear to have influenced New Labour, could also have workfare-like effects.

Part 6 sets out some proposals for socialist policies towards the unemployed, emphasising the need for redistribution of both work and wealth. The goal of full employment is rejected; it is no longer easy to define, let alone to implement. The emphasis should be on defining and sharing *necessary* work, and on sharing of wealth. Benefit policies should promote these goals rather than policing the unemployed so that they help the state keep wages down.

II

The Tories' Attacks on the Unemployed, and Labour's Responses: 1986-96

The history of training and temporary work schemes since the late 1980s make an important backcloth to the debate about what Labour should do next — both in terms of the way the Labour Party and the trade unions responded to them, and because of the practical lessons this period offers about what can be made to work.

Tory policy has been characterised by four major developments:-

- the gradual construction of a policy framework which one might call 'soft workfare'; that is, the long term unemployed are presented with a 'menu' of programmes, and in an ever-widening range of situations, their benefit may be suspended if they refuse to accept one out of several options
- a change in the form of remuneration for unemployed people on government programmes, from a wage to a 'benefit plus' training allowance
- a reduction in the extent to which employers are expected to pay for trainees' labour
- the exclusion of trade union representatives from the procedures for vetting new schemes, after the MSC was abolished in 1989, which was followed by a gradual weakening of trade union opposition to labour market measures which threatened their members' conditions

The response of Labour and the trade unions can be examined in relation to six main policy issues:-

- payment on special employment schemes — the rate for the job or benefit-plus?

- trade union influence over how schemes are run
- payment by employers for ‘scheme’ labour
- the extent of compulsion: when can a claimant be told ‘do this or lose benefit’?
- the degree of pressure to accept low pay or jobs outside the claimant’s previous occupation
- the replacement of national insurance benefit by means-tested benefit or training allowances

In the beginning

In 1986, national insurance benefit was still paid to anyone over 16, even if they had never worked, a principle derived from the Beveridge Report of 1944. Refusing a ‘suitable’ job at a job centre was penalised by benefit suspension for six weeks, although means-tested hardship money could be claimed for dependents. The two main ‘schemes’ on offer to the unemployed were the Job Training Scheme, which was based on training centres rather than employers’ premises and offered a fairly generous training allowance, and the Community Programme, a form of subsidised part-time work in the public and voluntary sectors.

Community Programme and the ‘rate for the job’

Community Programme, although criticised by many trade unionists and Labour local authorities at the time, is now relevant to the debate mainly as a measure of what we have lost. It paid a real wage, not a benefit-plus allowance, for up to three days work per week. The funding allowed for an average wage of £67 per week, but it could be ‘topped up’ by generous sponsors, and second jobs outside the scheme were also allowed. The work done had to be something which would not have been done with public funds anyway, to avoid displacement of, say, local authority staff, and the hourly wage rate had to be consistent with the established ‘rate for the job’. Trade union representatives who at that time sat on the MSC’s Area

Manpower Boards had the opportunity to vet new schemes to check compliance with these rules — although this process was not always effective.² Some Labour local authorities refused to take part in the scheme because of misgivings about displacement or the risk of undercutting union wage rates — for example the London boroughs of Hackney and Waltham Forest. Whilst trade union reps on the AMBs were worried about these ‘side effects’ of the scheme, most of them thought it was capable of improvement.³

In 1987, the government announced its intention to make Community Programme full-time and change the wage arrangement to ‘benefit plus’. At the same time the MSC was replaced by a weaker advisory body, the Training Commission, in which trade unions had much reduced influence and employers had more.⁴

The era of ‘work-for-benefit’ training and work schemes

Also in 1987, the Tories launched the ‘New Job Training Scheme’, the first of three ‘work-for-benefit’ training schemes in which most of the training period was to be spent on employers’ premises. The training allowance of benefit level plus £10 meant better pay for people with dependents than the old Community Programme wage, but single people were worse off — particularly because part-time work alongside the government scheme was no longer worth doing, because under benefit-plus arrangements extra pay would be means-tested away. Community work schemes since the end of Community Programme (Employment Action, Community Action, and Project Work) have all offered benefit plus £10.

Labour’s ‘New Deal’, which would offer merely £20 above benefit, would pay single people less than the Community Programme did eight years ago — and require them to work for four days per week instead of three. This is a striking shift of

position; as late as April 1994, Labour was proposing an improved version of the Community Programme, with a 'rate for the job' and union consultation.⁵

Employers' payments for 'scheme' labour

Unlike the present Training for Work scheme, the funding rules for the New Job Training Scheme expected training organisations to charge employers between £20 and £40 per week for trainees' labour. Even so, the employers probably still made a profit on this labour. Official research on the productivity of Youth Training Scheme participants suggests that youth trainees do bring their employers a net gain⁶ — and older trainees may have higher productivity.

With Employment Training (ET) which succeeded NJTS, government funding was calculated on the basis that the training organisation got around £5 per day per trainee from the employer. But sometimes this was waived to try to persuade employers to offer placements.

Training for Work, the third of the employer-based training schemes, involves no obligation for employers to pay for trainees' labour. Arrangements with employers are up to each training organisation to decide, subject to any rules made by its local Training and Enterprise Council. Thus some employers pay, but many obtain trainees' labour free of charge. There is an obvious risk of substituting trainees for paid workers.

Trade union opposition to the 'work-for-benefit' principle

The New Job Training Scheme's 'benefit plus' arrangement in lieu of a rate-for-the-job wage caused an outcry from Labour councils and from the trade union movement. It was seen as a further step towards the introduction of American-style workfare, which was already being talked of by the Tory leadership. The government was planning to remove benefit from 16-17 year

olds, and to *guarantee* a place on the New Job Training Scheme for all 18-25 year olds.⁹

Trade union opposition to the scheme caused many local councils and education authorities to stay out of running training programmes.⁴

Training providers had difficulty in finding employers willing to take part⁷ — partly due to this opposition, but perhaps also due to the sheer speed with which the scheme was launched, attempting to find 110,000 places in six months.

In June 1987, the TUC withdrew its support from NJTS, led by the major public sector unions, USDAW and the GMB. The GMB lobbied Parliament against it. A 'Charter against Workfare' was promoted by several trade unions and launched at a press conference held by Michael Meacher MP (now, of course, in Blair's Shadow Cabinet, with responsibility for employment, and thought to be a less than enthusiastic supporter of the 'New Deal').

The 'Charter' laid down five principles for special employment and training schemes which are still of relevance:-

- schemes should pay the rate for the job
- participation should be voluntary
- participants should have full employment rights
- schemes should be subject to trade union approval
- adequate guarantees of training quality

The New Job Training Scheme was abandoned in the face of difficulty in finding enough training organisations to manage it and enough employers to provide places. It was followed, in the autumn of 1988, by a very similar scheme under the name of Employment Training (ET), which was now intended to replace the Community Programme. Trade union opposition continued, with the result that many large companies and local authorities refused to take part in the new scheme. The TUC agreed to support ET, on the grounds that the government had formally met the conditions of the Charter against Workfare. But NALGO, NUPE, MSF, USDAW, NATFHE and the TGWU

opposed it,⁸ and the TGWU's General Secretary resigned from the Training Commission on the grounds that the scheme did not pay the rate for the job. NALGO, NUPE and the TGWU sponsored the research organisation CAITS to write a critique of Employment Training, promoting once more the 'Charter against Workfare' and drawing attention to a number of local authority and European Social Fund financed training schemes which offered the unemployed much more.⁹

The TEC era and the decline of trade union opposition to schemes

A new administrative framework enabled the Tories to fragment and disarm trade union opposition, already suffering fatigue in the face of prolonged recession. The employer-dominated Training and Enterprise Councils established in 1990 do not have trade union representatives, so that an important channel of influence for unions over the training of the unemployed has been lost. Many of the voluntary organisations which had derived funding and jobs from the Community Programme (including several local advocacy groups for the unemployed) had, by 1990, contracted or closed; the alliance between the unions and the voluntary sector was broken. Since then, the TUC has not taken any strong positions on special employment measures, except to propose wage subsidies for employers to hire the long term unemployed, with union involvement to prevent substitution. Despite the absence of such involvement it welcomed the launch of the wage subsidy scheme Workstart in 1993.¹⁰ Only the Scottish TUC has spoken out against the New Deal,¹¹ its assistant secretary Grahame Smith stating that youth on work schemes should be offered the national minimum wage.

Restart and the stricter benefit regime

Over the last ten years successive Tory governments have gradually tightened up the benefit regime for unemployed people,

reducing the range of people who can claim benefit, introducing compulsory attendance on reintegration programmes for certain categories of unemployed, and reducing claimants' freedom to refuse low paid or otherwise unsatisfactory job offers. Refusal of an offer of training can be interpreted by officials as a breach of the 'availability for work' regulations. The 'no compulsion' principle in the TUC's earlier Charter against Workfare has thus been subtly whittled away.

These developments should present a challenge to Labour to restore the rights of the unemployed both to receive a reasonable benefit level and to hold out for a reasonable wage, when training on employers' premises as well as when taking a job. This is more than a moral or political question; it is an economic one for trade unions, because the Tories' measures serve to keep wages down. The new Labour approach to benefits, keeping the Tories' rules and intensifying the pressure to join benefit-plus schemes, would have an even more severe effect on wage-setting.

The peak period, in the late 1980s, of union and voluntary sector opposition to the Tories' employment and benefits policies was fuelled by fears about the Restart programme and the stronger benefit penalties for refusing work or training which were associated with it.⁵³ As Virginia Heywood put it in a paper for the CAITS conference of 1987,¹² 'Norman Fowler has described his schemes as voluntary — since when is the threat of losing benefit for six months (six months!) anything but compulsion'.

Restart interviews, introduced in 1986, were the first of a series of measures designed to accelerate the exit of the long-term unemployed from the dole queue by inducing them to intensify their search for work and be less choosy about what they take. Nearly a third of interviewees, according to the Department of Employment's own research, encounter a suggestion that they should be prepared to accept a lower paid or less skilled job than they had hoped for.¹³

The period of maximum disqualification (during which people could claim at most 60% of the income support allowance) was

changed from 6 to 13 weeks in 1986 and then to 26 weeks in 1988. The maximum six months disqualification may be used if claimants refuse an offer of work notified through the job centre, or if they leave a job voluntarily.* These sanctions are now widely used; in 1994/5, 380,000 claimants were punished for inadequate job search, refusing or leaving courses, or refusing job offers and 145,000 claimants were refused benefit because they had left a job voluntarily.¹⁴ To encourage job centre staff to enforce the stricter rules, they now have performance targets for getting people off the dole (whether or not they leave because they get a job) and for the number of claimants referred to adjudication about whether their claim is legitimate.

Labour has not promised to change this system. Whereas Gordon Brown talks as though the long term unemployed are allowed to remain on benefit indefinitely, they are in fact under frequent pressure to sign off. He also says that benefit sanctions exist in ‘every other major country’ where ‘reasonable high-quality offers are refused’.¹⁵ But — as shown by the examples in the box on the next page — the British rules are much more severe than in most countries.

Under the 1989 Social Security Act, unemployed benefit claimants must show willing to accept any job offer, whatever the pay or occupation, after the first three months of unemployment (during which time they can restrict themselves to work they consider suitable in the light of their previous experience and pay level). Previous legislation, by contrast, permitted claimants to refuse work which was lower paid than they had previously earned in similar work, or which paid below the going rate.

Labour’s pre-1995 stance in relation to these measures is in marked contrast to the proposal for benefit sanctions within the

*Unemployment Unit; Unemployment and Training Rights Handbook, 1995. There is a little-known exception known as ‘Employment on Trial’ which permits claimants to leave a job voluntarily without benefit sanction if they have held it at least six, but not more than 12 weeks.

OTHER COUNTRIES' BENEFIT RULES — THE RIGHT TO REFUSE UNSUITABLE WORK

Number of job offers which can be refused before right to benefit is challenged:-

- France, Italy and Sweden; two offers
- UK under Job Seekers' Allowance; none, except during 'permitted period' (1 to 13 weeks after first registering) during which people can search for a job comparable to their previous one

Range of job offers which must be accepted:-

- Germany and Sweden; claimants must accept work in a range of occupations defined as similar to their usual one
- UK; grounds for refusal after the 'permitted period' are very limited; occupational downgrading must be accepted

Pay level which must be accepted:-

- Sweden and Denmark; a job may be refused if it does not pay the TU negotiated rate
- Elsewhere in the EU, there is at least the protection of some form of minimum wage regulation
- UK; pay level, however low, is no ground for refusal after the permitted period, although less than 24 hours work per week can be refused
- Labour's New Deal proposal; any full-time job would have to be accepted; legal minimum wage arrangements not yet clear

Source of information on European rules: Costello, 1993 (see reference 16)

New Deal. In 1988-9, Labour joined with trade unions and the voluntary sector in campaigning, successfully, for the Tories not to impose suspension of benefit from those who left Employment Training or Training for Work. Although the New Deal refers to the Tories' excessive monitoring and penalising of the unemployed, New Labour has made no proposals about changing the benefit rules established by the 1989 Social Security Act. Brown defends his benefit sanction proposal by reference to the Beveridge report, saying that ever since the 1940s, benefit

has been cut when people refuse an offer of work. But the Beveridge rule had benefit suspension for only six weeks, whereas the maximum since 1988 has been 26 weeks. In Beveridge's day, Wages Councils set minimum wages even for youth; and claimants were allowed to refuse jobs which paid below the going rate. Brown, on the other hand, is proposing sanctions for refusing £2 per hour.

Cuts in benefit for youth and the long term unemployed; the age of the beggar

In 1986, the Tories introduced a new lower rate of income support for the under 25s. Benefit ceased for 16 and 17 year olds in 1988, since when they must join Youth Training to get any state allowance except in cases of severe hardship (when discretionary payments may be made to those not enrolled in a training scheme).¹⁷ By early 1993, the Labour Force Survey showed that 100,000 people aged 16-17 were not in training, education or work. Only 1 in 4 of this age group had an income. Many young people are prevented from taking part in training schemes because they are homeless, at risk of abuse or violence, or constantly changing address; instead, as we all know, they beg.

Brown's plan for 18-24 year olds threatens to extend this sad scenario to them. Remarkably, since as late as two days before his plan was announced, restoration of benefit to 16-17 year olds was reported still to be on Labour's agenda.¹⁸ But it would clearly be inconsistent to restore benefit for 16-17 year olds who are not in training, at the same time as taking it away from 18-24 year olds who do not join the 'New Deal' options.

The Jobseekers' Allowance, starting in October 1996, is the latest step in the Tories' construction of a 'workfare' style package. It will now be possible for job centre officials to issue a 'jobseeker's direction', ordering an unemployed person to take up a particular training or employment scheme. If s/he refuses, or drops out of the prescribed programme, benefit can be stopped

for two to four weeks. Whereas previous benefit sanction arrangements involved a reduction in benefit, childless people may now have it stopped altogether for two weeks. JSA also involves making unemployment benefit last only six months, instead of one year as it has been up to now; after six months, only income support will be paid.

The Labour Party's opposition to JSA does not appear to attack the benefit penalty arrangements. JSA is attacked firstly because it is (to quote both the 'New Deal' and the policy document of June 1995, which use identical wording here) 'a way of making it harder for the unemployed to receive benefit without providing any new opportunities to work, learn and train'. Secondly, the earlier document attacks JSA because of the cuts in duration of benefit. But the Brown plan, with its emphasis on benefit sanctions, does not dissent from the 'workfare' framework which the Tories have established, criticising only the low quality of the Tories' schemes.

Although Brown's benefit sanction proposals caused significant dissension within the Shadow Cabinet, they are not inconsistent with the statement about the duties of the unemployed which occurs both in the New Deal and in the June 1995 document:-

'We recognise not only the responsibility of the long-term unemployed to seek work, but that these obligations must be matched by the government's responsibility to promote real opportunities to work and train'.

Consistently with this emphasis on 'opportunities' and 'obligations', the June document does not repeat the promise of earlier policy statements¹⁹ to restore benefit for 16-17 year olds who do not join training schemes. Rather, the emphasis is on attacking the Tories for not providing enough training places.

Another key change between Labour's response to the EC Green Paper on Social Policy (April 1994) and 'A New Economic Future' (June 1995) is that the 1995 document does not refer to the need for special employment schemes to pay the rate for the

job. Significantly, the Shadow Cabinet said nothing against Project Work, introduced in the November budget, which involves mandatory work for benefit (plus £10) lasting 13 weeks for people who have claimed for at least 27 months. The difference between Labour's New Deal and Project Work may turn out to be more one of scale than of principle.

III

What's Wrong with New Labour's 'New Deal'

Gordon Brown's plan, although repeating much of the language of the 'New Economic Framework' of June 1995, sits ill at ease with the positions taken by Labour in 1994 and earlier. It contradicts the earlier call for the 'rate for the job' in special employment programmes, and is incompatible with a comprehensive minimum wage policy. Moreover, to remove 'passive' benefit from 18-24 year olds cannot be consistent with calling for it to be reinstated for 16-17 year olds.

The New Deal is itself vague — only in subsequent press statements did Brown spell out the benefit sanctions which he intends.²⁰ Dissenting voices were heard from Michael Meacher, Chris Smith, John Prescott, Clare Short, Robin Cook and Frank Dobson,²¹ and it was clear that the plan had been launched without much consultation within the Shadow Cabinet. But in a sense, the New Deal's benefit sanctions are a logical interpretation of the position put forward in the party's June 1995 document, which moved away from the idea of unemployed people's rights to a new discourse of 'opportunities' in return for 'responsibilities'. As will be argued in Part 5, this discourse closely resembles Clinton's approach to workfare, which no doubt inspired it.

The New Deal contradicts positions taken by the Labour Party in 1994 and earlier on five grounds:-

- abandoning the idea of the 'rate for the job' on special employment measures, and substituting 'benefit plus' payment which flies in the face of the proposed minimum wage policy

- introducing a regime for 18-24 year olds which is inconsistent with restoring benefit for those 16-17 year olds who do not join Youth Training
- introducing a greater degree of compulsion to join 'schemes' than the Tories themselves have done
- proposing more restricted rights to study on benefit than the earlier policy of withdrawing the 21 hour rule implied
- accepting, as a fait accompli, the Tories' withdrawal of insurance based benefit for those unemployed between six and twelve months, thus renegeing on Labour's previous opposition to JSA.

The benefit-plus low pay, although it has attracted far less attention than the 'compulsion' aspect, is in fact far more important. If wages for employment schemes made them stand out amongst job centre vacancies as 'good jobs' there would be hardly any need for benefit sanctions.

The arguments against compulsion

The principle of compulsion drew immediate fire from the SNP, who alleged that 'New Labour are paving the way for the principle of workfare',²² and from the Green Party, who described it as 'a serious infringement of civil liberties'.²³

The New Deal brochure, and Brown's original press release, say that 'the fifth option — simply remaining unemployed and permanently on benefits — will no longer be an option'. The Shadow Cabinet may have subsequently softened its attitude on the question of benefits for those who refuse. But unless Labour reverses the provision for a 'jobseeker's direction' and benefit penalties of both the JSA set-up and the 1988 regulations, six months' reduction of benefit could be applied to people who turn down Labour's programmes — or to those who leave a 'scheme' job.

This is in effect to compel people to join schemes. There are a number of reasons why such compulsion is unacceptable. The first category of objections is purely practical:-

- there are many kinds of personal emergency which may prevent people from joining, or continuing to attend, a form of work or training. As James McCormick of the IPPR commented,

‘many of those who are unwilling or unable to participate despite a cut in benefit will have problems of long-term illness, drug dependency, have left care, experienced homelessness, or be involved in crime . . . Penalties will do nothing to address these problems’.²⁴

- compulsion leads to poor motivation, as many providers of Training for Work or Youth Training can attest; people who are merely ‘serving time’ to get their training allowance will waste public money, demoralise their tutors and possibly devalue the course for other participants as well as in the eyes of employers
- ‘community service’ forms of work demand a spirit of enthusiasm; voluntary organisations are unlikely to want reluctant workers because they may waste materials, upset those they are supposed to be helping, or need too much supervision
- private sector employers will also be reluctant to take ‘time-servers’ and will judge a scheme (or indeed the long term unemployed in general) by the attitudes of those who are referred to them
- practical difficulties in setting up training and work opportunities may mean very little choice for some people in certain times and places, particularly in isolated rural areas or, as the experience of NJTS showed, in the early stages of setting up a programme.

The second argument against compulsion (that is, against denial of benefit to ‘refuseniks’) is about how the labour market works. Fear of losing benefit or of being sent on an unwanted scheme for little or no extra money is a way to push people into lower paid jobs; it takes from the unemployed a most important choice — to withhold their labour from an employer who offers unreasonable wages or conditions. This was the Tories’ intention in gradually making the rules tougher. In fact the use of Restart to deter people from becoming, or remaining, unemployed, led to a large flow of the unemployed into low-paid jobs.²⁵

The third argument for a continued right to benefit without

an obligation to join schemes is that working people, collectively, are paying for a national insurance scheme to provide this right. They should not therefore be asked to work for what they are already paying for. JSA reduces, at a stroke, the length of insurance-based benefit entitlements from 12 months to six months. Some 18-24 year old unemployed have paid contributions, and but for JSA — which the Labour Party says it opposes — would have been able to claim insurance-based benefit for another few months. Either New Labour has decided, after all, to endorse JSA, so that those affected by the New Deal would only be getting income support. Or it has decided that even if insurance-based benefit is restored to the long term unemployed, that benefit will be conditional on joining schemes.

Will there really be a choice of schemes?

To provide a *guarantee* of places for all those required to participate, but at the same time to offer *choice*, would be difficult unless there is some slack in the system, some surplus capacity. When the Tories withdrew benefits from 16-17 year olds they ‘guaranteed’ them a training allowance instead — but the training system could not provide enough places. However, providing *spare* places to guarantee choice would be more costly than providing cash benefit for those who are waiting for something they really want.

Creating schemes in the voluntary sector could be difficult unless the plan would provide more generous funding. Whereas private employers would get a subsidy (as well as cheap labour) voluntary organisation would not; but they need money to pay for overheads and non-wage costs.

Wrecking the national minimum wage policy

The New Deal makes nonsense of a national minimum wage. How would Labour implement a national minimum wage policy if thousands of young workers were offered to private sector

employers at £2 per hour, reduced by subsidy to almost nothing? There is a high risk that people placed with private employers on such low pay would take the place of existing workers or those who might have been hired otherwise — for example older unemployed people.

The youth programme would be huge in scale — 280,000 people, compared to 330,000 on the old Community Programme at its height. Unless most of these end up in study rather than work, the New Deal like Community Programme would have enormous impact in setting wages and conditions in labour markets with high unemployment. ‘Scheme’ jobs were then the largest or second largest employer in some towns.²

If the justification for paying scheme participants less than the national minimum wage is that they are in ‘work experience’ rather than ‘normal’ jobs, this would be a very dangerous thin end of a wedge. Private employers would then be able to set up other kinds of trainee posts, claiming that these too should warrant exemption from the minimum wage rules.

Even if the ‘work experience’ argument was accepted for those who have never had a job, there is no logic in letting employers pay so much less than the probable minimum wage level, for which figures of £3.50 to £4 have been discussed, and then giving them a £60 per week wage subsidy as well. The figure of £60 per week would pay for a day’s training even at the top hourly costs found amongst European Social Fund schemes (where the maximum allowed by funding rules is around £10 per hour). So the employers would in effect pay nothing for the one day’s training per week which they are obliged to provide, but would still benefit from cheap labour.

How different is this form of wage subsidy from the typical arrangement in other parts of the European Union, where most countries use wage subsidies in order to induce hiring of the unemployed, but always on the assumption that the employer must pay at least the regulated minimum wage.¹⁶

Giving Peter's job to Paul

Unlike Community Programme, with its 'work which would not be done otherwise' rule, the New Deal would include some jobs with private employers doing ordinary private sector work. So the potential for replacing other workers by 'scheme' labour would be considerable.

The government's Workstart scheme, which is similar to the New Deal proposal for subsidised jobs in the private sector, has only created completely new jobs in at most 17% of cases.²⁶ According to research commissioned by the Employment Service, over half the vacancies involved would have been recruited to anyway. Most others would have been filled later on, or the subsidy merely helped the employer pay for more hours or make the job last longer.

Labour needs to work with the unions to find ways of controlling substitution in wage subsidy schemes. They might be more effectively spent in the community business sector. Community groups and local councils could be encouraged to identify gaps in the range of commercial goods and services on offer in their areas and to set up coops and community businesses to provide them. Unlike the public sector, part of the 'job creation' cost would be offset by sales, and unlike the private sector, most of the jobs created would be ones that could not have existed without a subsidy.

The risk of long-term dependency on 'scheme' jobs

Workfare in the USA often does not help participants get a non-workfare job, so that their state dependency remains a problem. Research from the mid-80s showed that workfare participants were not much more likely than non-participants to be in 'normal' jobs several months after leaving the programme.²⁷ In West Virginia, some people have remained in workfare jobs for several years.

The 'study' option of the New Deal

Currently unemployed people can study or train for only 16 (or in some cases 21) hours per week without being disqualified from benefit.

Under the New Deal, the Employment Service would control what people could study. Not everyone would be accepted onto the study option. To quote the New Deal document, 'young people without basic educational qualification will be offered the option of full-time study on an approved course, subject to the approval of the Employment Service'.

This is much more restrictive than the Labour Party's policy documents of April 1994 and June 1995, which talked about lifting the 21 hour rule.

The obligation to join a scheme — does it stop at 25? — or with parenthood?

The New Deal argues that youth must work or train, rather than simply draw benefit, because 'opportunity' must be matched with 'responsibility'. Once morality is invoked, it would be strange for the duty to work for benefit — or to engage in compulsory training, as Peter Mandelson has advocated — to begin only in the 27th week of unemployment or end on one's 25th birthday. Indeed, Brown has hinted²⁸ that the same principle would be applied by New Labour to all long-term unemployed and to 'single' (sic!) mothers wanting to move from welfare into work. So where does it end — shall mothers be made to work or attend training when their youngest child is six or three or one, as in Clinton's proposals?

The New Deal and the Charter against Workfare

Recalling the TUC's stand against the New Job Training Scheme in 1987, it seems that the New Deal breaches at least three of the five principles of the 'Charter against Workfare' then supported by both Michael Meacher and Clare Short. The work elements

will not pay the rate for the job, there are no plans for trade union control or vetting of schemes, and the schemes will barely be voluntary (in the sense that there would be a choice of four 'plats du jour', but no chance of leaving the restaurant).

Let us be blunt about the language of the Brown plan. If an 'opportunity' is 'offered' but cannot be refused, it is no longer an 'opportunity', but something imposed. Brown claims²⁹ that the plan is 'not workfare in the sense that it is understood — as the penalising of the unemployed for being unemployed, and asking people to work in return for their benefit'. But it is requiring people to work for a mere £20 over benefit if they are not accepted onto the study option. If anything, it is worse than Clinton's proposals, as will be argued in the next section.

IV

Workfare — what it is and how it works

One may ask, when does a scheme stop being workfare — when it pays benefit plus £20? or benefit plus £10 (like the Tories' Project Work)? Or when the proportion of benefit withdrawn from 'refuseniks' is 100% rather than 40%? But the issue needs to be addressed at a different level; it is important to understand the diversity of American schemes and their labour market effects.

An operational definition of workfare might be that it forces people (by threatening benefit penalties) to take jobs — or forms of on-the-job training — which pay less than the current market wage rate. Workfare thus serves to hold down wages; the unemployed accept low-paid jobs more readily if workfare is the only alternative.¹⁶

Workfare in the USA

Most of the schemes described as 'workfare' in the USA are rather like the Restart 'menu' — or the New Deal 'menu' — in that they offer a number of options including supervised jobsearch, training or work experience programmes; claimants must do something, but they can choose what it is.³⁰

Only about half the states have a work (as distinct from training) element in the policy packages which are described there as 'workfare', and then only as one 'option'. The Commons Select Committee on Employment found few examples of 'true' workfare when they toured the USA looking for 'good practice' to learn from, a quest in which all parties were — significantly

— united.³¹ Work options are uncommon because they are expensive.

President Clinton's proposals

Clinton's draft 'Work and Responsibility Act' of 1994 (thwarted by counter-proposals in Congress from Republicans who wanted a much cheaper package) aimed to end 'welfare as we know it' by giving claimants a maximum of two years over their lifetimes to draw benefit without working for it.³² Once time was up they would have had to work, and the administration would have had to provide a slot for them. Jobs would have had to be for at least 15 hours per week, and pay the hourly rate corresponding to the normal rate for other people doing the same work for the same employer, or the Federal minimum wage, or the state minimum wage (whichever of the three was highest). The idea would be to provide enough work to earn the welfare allowance the claimant had before reaching the time limit. Lone mothers would have had to work unless they had a child under one year old, although child care would be provided. To keep down the cost, Clinton's proposals envisaged that claimants would be discouraged from staying long in workfare jobs. But it was also intended that most of them would not need a workfare job; from day one of their claim, they would be required to follow job search and training programmes, and anyone offered any job would be required to take it.

Clinton's proposals, unlike New Labour's, had a clear 'rate for the job' provision, with an intention to avoid undercutting of existing wages or substitution for existing workers. In this respect it is superior to the New Deal.

The labour market effects of workfare

John Burton, a right-wing advocate of workfare, defines it as a programme offering work at less than normal wages. He argues that 'workfare generates a net increase in employment by

exerting downward pressure on wages, and will only generate such a net increase to the extent that it does this.³³ Workfare puts pressure on wage levels in two ways. Not only does workfare supply employers with labour at less than market rates, threatening the wage levels in related kinds of employment. The prospect of having to accept a workfare placement at less than normal wages acts as a deterrent to remaining unemployed.³³ Thus workfare induces people to accept non-workfare jobs at lower wage rates than they would have done if passive cash benefit was available. Relative wages in these jobs then fall because there are more applicants. Both this effect and the direct competition from workfare placements are likely to have most impact on wages in unskilled or entry-level jobs. Thus workfare places the burden of labour market adjustment on those who are already unemployed or low paid. In this way it is different from a broader incomes and prices policy covering everybody's remuneration, shareholders included.

But 'deterrent' measures need not take the relatively expensive form of offers of low-paid work. Often, claimants can be persuaded to 'price themselves into work' (lower paid or more insecure than the jobs they lost) by less costly means; requirements to join lower-cost training courses, or job search schemes, may do just as well. Faced with the prospect of having to spend their time on training schemes which will bring in little or no extra money (and may not increase their chances of work very much), unemployed people can be expected to accept jobs at rates of pay they would otherwise have rejected. The 'workfare effect' — that is, inducing people to accept low-paid jobs rather than join a 'scheme' — may be found even if there is no compulsion to accept a particular placement. Hence the use of mixed-menu, 'soft' workfare policies in the USA, and the Tories' emphasis on stricter benefit rules coupled with very short compulsory programmes like Jobplan Workshops and Restart courses.

Where claimants are obliged to work for benefit (or less than normal wages) the effect on wage levels in the labour market as a whole can be expected to be more striking than where the 'menu' only includes training; added to the 'deterrent effect' is the possibility of direct substitution of 'scheme' labour for 'normal' employment contracts.

However, trade unions should beware that:-

- 1) compulsory participation in training is likely to make the unemployed more willing to take low paid jobs (whether there is a choice of training scheme is hardly relevant)
- 2) any scheme which fails to pay the rate for the job (whether compulsory or not, whether part of a can't-refuse-everything menu or not) risks affecting wage levels for 'normal' jobs — even if 'scheme' and 'normal' jobs are quite carefully segregated
- 3) the stricter are the 'actively seeking work' rules, or the fewer are the grounds on which claimants can refuse a job without suffering benefit sanctions, the easier it will be for employers to recruit on poor wages and conditions

Much of the debate about workfare has centred around the *moral* issue of when, or whether, claimants should be disqualified if they refuse work or training. The fervour of this debate has detracted from the *economic* functions of workfare, from its role in the wage-fixing process, which is in the end much more important. Compulsory employment and training schemes, low pay on schemes, and benefit sanctions against those who resist deskilling or low pay, all have a part to play in keeping wages down.

When is workfare not workfare?

The 'Right to Work' Bill put forward by Sir Ralph Howell and Frank Field in July of last year³⁴ has more generous provisions than the New Labour plan. This cross-party private members' bill envisaged a wage of £3 per hour for workfare participants

— later to be increased to 40% of the national average hourly wage.

Howell, since first promoting this idea³⁵ has described it as workfare, which he views as a positive term. For those opposed to the principle of compulsion and of low pay, the question arises, as with the New Deal; how much higher would the wage have to be, and what benefit penalties, if any, are acceptable (cut by how much and for how long)?

There can be no precise answer, particularly since there is as yet no national minimum wage. A good system of special employment measures would have, as minimum requirements:-

- rates of pay for 'scheme' jobs as good as those paid to other, unionised, workers doing similar work
- no pressure on claimants, either from benefit rules or from requirements to join programmes when they do not want to, to take jobs at less than union rates
- reductions in benefit only for refusing a job offer at union rates, within a range of occupations consistent with the claimant's recent previous experience (if any); and then only after a written warning
- a culture of acceptance of unemployed people as citizens with rights, suffering from a situation which is generally no fault of their own

Howell's proposal shows no concern for the first two points, and avoids the third by abolishing benefits in their present form. Clinton's proposals fail on all but the first count, and the New Deal on all four.

V

Workfare Values versus Mutual Aid Values

New Labour's enthusiasm for workfare has been inspired by Clinton's workfare proposals and the appeal of his policy of 'tough love' to a distorted sense of the socialist work ethic. Distorted, because a real concern for the principle of 'to each according to their work' would imply far more emphasis on redistribution than New Labour's programme contains — an attack on profiteering and company directors' incomes which went much further than a tax on private utilities' profits.

During the Reagan-Bush era, welfare reforms in the USA eroded the idea of an unconditional 'right' or 'entitlement', and conditioned benefits on recipient 'obligations', emphasising 'personal responsibility'.³⁶ This was accompanied by a host of negative images of claimants; 'dependency', the 'underclass', 'work avoiders' and the 'welfare mother'. Clinton's election campaign responded to this imagery with proposals for an even stricter welfare regime.

American voters perhaps responded all the more easily to Clinton's workfare proposals because they themselves feel overworked. Long hours and inadequate time for family life are increasingly widespread in American society,⁴¹ and Britain also suffers unusually long hours by European standards.⁴² But the answer is surely to work towards a fairer distribution of work, through shorter working hours, longer leave times, career breaks and educational leave, rather than conscripting the unemployed into jobs which undermine existing wages.

In adopting the language of American neo-conservatism, New

Labour responds to the importation of this negative imagery by the UK right, in particular the 'underclass' concept. Thus it steps right away from the 'mutual aid' tradition of social insurance which is the cornerstone of social democratic welfare policies throughout Europe. It also ignores the 'solidarity' tradition of French employment and benefits policies.

New Labour also cites Beveridge in defence of benefit sanctions — as does Howell. But Beveridge recommended a benefit penalty lasting six weeks, compared to the 26 weeks in current regulations. 'Workfare' is also likened to Beveridge's proposal for compulsory attendance at a work or training centre after a certain period of unemployment, but whilst Beveridge clearly believed that one function of unemployment insurance should be to maintain labour discipline, he did not envisage that the use of attendance centres would be widespread. His proposals were specifically an alternative to the patchwork of insurance, means tested poor relief, and the workhouse which characterised the 1930s.³⁷ By contrast, the notion that benefit is conditional on taking part in low-paid schemes is a non-residential form of the workhouse.

Insurance-based benefit is widely held to be secure from the notion of an 'obligation' to do something for benefit'. Thus, says Ginsberg:-

'The National Insurance system embodies the . . . notions of self-support and individual/family responsibility inherited from private and friendly society insurance. It is based on the principle of an individual contract between the worker, the state and the employer, in which each party makes contributions and draws benefits.'

It is this 'contract' which JSA has broken, making New Labour's plan to place all 18-24 year olds, whatever their contribution record, on a do-something-for-benefit basis, doubly disturbing because it builds a new non-residential workhouse on the foundations of Tory theft.

The Borrie report took a rather different view of social insurance from Gordon Brown. It rejected workfare, and referred to 'individual benefits in return for individual contributions'³⁸ and said that 'when we are earning, we accept the responsibility of paying in; when we are not, we have the right to draw out . . . social insurance is based on an ethic of mutuality which is essential if we are to create a better community'.

A second source of inspiration for New Labour's proposals has been Layard and Philpott's 'job guarantee' proposal.³⁹ They propose the *employment principle* — the idea that the state has a duty to offer work or training to the unemployed, whose duty it is to accept it. This is consistent with Layard's view that a generous or lax benefit regime exacerbates the difficulty of achieving full employment without accelerating inflation, and that the unemployed must be persuaded to accept lower wages.⁴⁰ Modelled on Swedish policies of the 1980s, their emphasis on labour discipline appears to misrepresent the philosophy of the Swedish system¹⁶ and to ignore the importance of trade unions' role there. Swedish labour market policy has been strongly influenced by trade union goals, and has sought to achieve both high wages and full employment by a combination of profit restraint through national pay bargaining and effective matching of unemployed people to vacancies. Nobody is obliged to accept work at less than trade union rates, including those offered 'relief jobs' as a last resort. Unemployed people have generous rights to refuse unsuitable work (see page 12 above). When imported to the British context, where the opposite is true, the 'employment principle' collapses into workfare.

Fraser³⁶ identifies a dichotomy in American debates between 'contract' and 'charity'. Insurance-based benefit derives from a contract between claimant and state, where the claimants get back what they put in. Non-contributory benefit, on the other hand, is seen as 'something for nothing'. The problem with this,

she argues, is that all benefits which are not 'contractual' are seen as a gift to which there can be no unquestioned 'entitlement'.

There is an alternative discourse which fills this gap. French social policy frequently uses the term 'solidarity' to characterise forms of assistance to the unemployed. Thus, the scheme which is similar to the old UK Community Programme is known as 'Contrat d'emploi solidarité' and 'solidarité' also occurs in the terms used to describe benefits for those whose insurance has run out, as well as work-sharing deals. 'Solidarity' conveys the notion of aid between equals, rather than charity to those without rights, but without implying either a contract or an immediate reciprocal obligation. This is surely the correct basis for a socialist policy towards the long-term unemployed.

But the notion of 'solidarity' is not 'communitarianism'; it cannot be met by an institution of obligatory community service for youth, of the kind advocated by Etzioni.⁵⁰ DEMOS has argued that compulsion has no place in voluntary sector work, and that the 'guarantee' of places would lead to a 'sink scheme'.⁵¹ Yet in Gordon Brown's hands, and in the vision of Peter Mandelson,⁵² community service becomes something people would join under threat of benefit penalties.

VI

A Socialist Approach to Unemployment

The problem with 'full employment' as a goal

Full employment is no longer easy to define. Many people are ceasing to register as unemployed because the benefit system offers so little.⁴³ More and more mothers want jobs, but their demand for work is not registered either. The number of part time workers who really want a full-time job is rising.⁴⁴ The age of retirement is becoming more fluid; more people are retiring early; some because they can find no work, others because they want to. More might do so if they had adequate pensions. It is becoming harder to tell how many people want work. That having been said, it is important to recognise that the Tories have deliberately allowed unemployment to remain higher than it need have done in order to keep labour costs down.

But a pre-occupation with preserving jobs leads to a defence of harmful forms of work, whether reprocessing imported nuclear waste or producing arms for savage dictatorships. Rather than creating jobs to keep people busy, we need to define what is necessary, worthwhile work and share it out.

Redistribution of work

There is a need to redistribute work. Significant evidence can be found that many workers would like shorter hours or more leave, and that some would give up pay (or the chance of a pay rise) to have it.⁴⁵ Working hours in Britain are amongst the longest in Europe.⁴⁶

Measures to redistribute work could include:-

- implementing the EC directive on limiting the working week to 48 hours
- government support for trade unions to negotiate shorter working hours
- a statutory right for workers to job share, or to negotiate 4 or 4.5 day weeks on the same hourly pay and conditions as full-timers, if that suited their personal needs
- state financial support for mid-career study leave, as exists in Belgium, France, Canada and Sweden⁴⁷

At the same time, it must be recognised that many employers are ‘part-time-ising’ formerly full-time jobs because, for a variety of reasons, it reduces their labour costs. They could be made to pay into a short-time compensation fund if the proportion of part-time workers rises above a certain level. Strict measures need to be taken to ensure equality of treatment for those who work less than full time — in terms of pay, promotion and training, entitlement to meal breaks, holidays and fringe benefits.

Quality training

Obviously training is needed for some unemployed people to fill the slots that would be made available to them by measures to reduce other people’s working hours. But even the young unemployed include college leavers and people with craft qualifications. Training is not necessary for all, and if compulsory would be ineffective, as argued in Part 3.

The main need is to improve the quality of training. Underfunding has severely reduced the range of course which are feasible within Training for Work. Payment by results has led training organisations to turn away some of the people who most need training, and to focus on preparing people for low-skilled, low paid jobs which are easiest to get. This means displacement of other jobseekers is probably high, and reliance on in-work benefits is also high. Training is of no help to unemployed people unless it gets them into significantly better jobs than they could have got after a few months of trying on their own.

Work should improve the quality of life

Socialists must be concerned with all aspects of the labour market, not just unemployment. Policies to reduce unemployment must have regard for their effect on the wage-fixing process in the labour market as a whole. Trade unions need to be supported in their struggle for better conditions and shorter hours. They need to be given maximum freedom to work for equal rights for part-time and temporary staff, and promote a shorter working week together with work-sharing of other forms, including study leave. But they cannot do this whilst shackled by Tory laws which impede trade union recognition and the right to take action — these must be reversed.

The Tories have built private affluence for a few, private poverty and public squalor for many. This needs to be reversed; the Keynesian circuit of taxation to invest needs to be restored and re-legitimised to provide better public transport and housing, pollution control and waste management, energy conservation, better health and education services. Restoring public expenditure need not mean a huge budget deficit, although Britain's is a lower proportion of GDP than the European average.⁴⁸ Denmark has the highest public expenditure per head in the EC, but also one of the lowest public deficits.

Taxation to pay for public spending needs to be redistributive; it should fall on personal wealth (inheritance, large houses, capital gains), on dividends, on high managerial incomes. There is a need to reverse the huge increase in inequality which has taken place under Tory rule.

Wage subsidies should be used to support job creation at trade union rates. Substitution can most easily be avoided if subsidies are focused on the voluntary sector and on community businesses, where they can be used to finance work which would not have been done otherwise.

The benefits system

The benefits system needs to give jobseekers a reasonable degree of bargaining power with the employers they face. It should not be used to browbeat people into accepting low pay or inadequate conditions. Nor is that a way to save much public money, because the very poor require benefits to take them out of poverty, whether they are in work or not; low pay means a large bill for Family Credit and housing benefit.

Counselling services should be provided independently of official job centres, to avoid mixing up the process of benefit 'policing' with that of giving helpful advice.

Benefit 'disregards' should be substantially increased, and to avoid employers using benefits to subsidise low pay, they should be related to the number of hours worked per month. As the Borrie report suggested, it should be permitted to 'roll up' the disregard limit so that benefit would be lost only if the limit was exceeded on average over several weeks. Borrie shows that around £725 million in benefit could be saved if people taking part-time jobs were allowed to keep benefit in respect of the remaining hours in the week for which they wanted work, but could not get it.

The job centre rules that need to be changed

A new government should:-

- End the system of ES performance targets. There is no logic in rewarding people as much for making fellow citizens destitute as for helping them get a job
- Abolish the six month disqualification and return it to six weeks (as before 1986). This will make it easier for people to risk taking a job they are not sure about, as well as helping them stand up to exploitation.
- Restore the right to refuse low pay, i.e. below the national minimum wage or union rates
- Tell claimants clearly and in positive terms what their rights are, what jobs they can refuse; encourage them to tell ES staff if they find vacancies are not fit to be handled because of breaches of minimum wage rules, poor health and safety, etc.

Afterword

Since this pamphlet was written, the Commons Select Committee on Employment have published their *Workfare/Right to Work* report of February 1996. It confirms the impression that had been growing for several months, that the principle of compulsion for the unemployed to join programmes, or as Sir Ralph Howell put it, 'making things very unpleasant for refuseniks', had captured the minds of a number of key politicians of all parties.

The 'Right to Work Bill', proposed by Sir Ralph Howell and Frank Field, is in many ways similar to the Brown/Blunkett plan. It would oblige the unemployed to accept either jobs assisted by wage subsidies in the private sector, or jobs on community work schemes, or face a rate of income support much below current levels. This requirement would extend to all unemployed, not just the long term unemployed or those under 25. But the Labour leadership should be shamed by the fact that a Tory backbencher has proposed a scheme wage of £3 per hour, compared to the Brown/Blunkett plan's 'benefit plus' arrangement which means £2 per hour for single people. Even the 'refuseniks' rate of income support, at £30 per week, is higher than the £22.08 for single people implied in the Labour plan.

Considerable doubt was expressed when the Bill first came before Parliament as to whether Howell had under-estimated the true cost of providing jobs for the unemployed, in terms of tools, materials, supervision and administration, etc. The WISE Group, based in Glasgow, which pays unemployed people £115 per week for a variety of community work schemes, more recently

told the Select Committee that it costs around £15,000 per year per job created, of which about a quarter is covered by commercial sales. Howell's costings allow public expenditure per job of much less than the WISE Group. In a desperate attempt to show that his proposal saves money, Howell, in the costings he presented to the Select Committee, reduced the assumed hours of work per person to 30 per week — with an implied wage of only £90.

Whatever rates of pay, or of refuseniks' benefit, or of non-pay cost allowances are proposed for a 'workfare' scheme, there will be pressures to cut them when the full impact of the scheme on taxpayers is recognised. Thus even if a workfare scheme with a wage of £3 per hour (or more) was adopted, it could later be cut due to pressures on funding. The debate on the Select Committee's report should not be reduced to the question of what is an adequate wage, because even if it was initially set at a level that most unemployed would accept voluntarily, that level might not last — and if National Insurance rights are meanwhile abolished, then what? The most important issue is the preservation of the right to cash support without joining a 'scheme'. This right is crucial not only because it enables the unemployed to refuse unacceptably low pay, but because the need for benefits reflects a key fact which the Select Committee apparently want to ignore. That is, without significant redistribution of income and wealth the state does not have the means to provide enough decent jobs whether within the public sector or through subsidising other employers. That is why a fair solution to the unemployment problem rests on achieving such a redistribution, and on measures to reduce working time.

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Notes on the author

Dr Anne Gray is a freelance consultant and researcher on labour market issues and local economic development. She has written a number of reports on special employment measures in Britain and the European Union.

Printed by the Russell Press Ltd. Tel: (0115) 9784505.

Printed April 1996.

Published by Spokesman for European Labour Forum, Bertrand Russell House,
Gamble Street, Nottingham, NG7 4ET. Tel: (0115) 9708318. Fax: (0115) 9420433.

Publications list/subscription details available on request.

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