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REVIEW ARTICLE

DOES WORK WORK?

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Alan Deacon (ed.), *From Welfare to Work*, IEA Health & Welfare Unit, 1997, 155 pp., £8.00 paper.

Karen Gardiner, *Bridges from Benefit*, Joseph Rowntree Foundation, York, 1997, 60 pp., £11.95 paper.

Alex Bryson, Reuben Ford and Michael White, *Making Work Pay*, Joseph Rowntree Foundation, York, 1997, 89 pp., £11.95 paper.

Jane Millar, Steven Webb and Martin Kemp, *Combining Work and Welfare*, Joseph Rowntree Foundation, York, 1997, 59 pp., £11.95 paper.

For the new Labour government, employment is the key to the reform of welfare. While the same could be said of the first post-war Labour government, the words have a rather different meaning. It is true that Gordon Brown, the Chancellor of the Exchequer, has alluded to the concept of full employment that Keynes, Beveridge and, latterly, Attlee's government foresaw was essential to fund the development of the Welfare State. But the strategy that Brown set out in his first two budgets has a more narrow focus. Employment is to provide a route out of dependency, a mechanism for social inclusion, that enables expenditure on social security to be diverted to investment in education and health that is likely to attract a greater political dividend. More specifically, in his 1997 budget he used income generated from a windfall tax on the privatised utilities to fund the New Deal, a programme of counselling and work experience schemes with a large element of compulsion (Table 1), and supported this with a National Child Care Strategy and a commitment to introduce a minimum wage. He complemented these moves in his 1998 budget by increasing Child Benefit and announcing a Working Families Tax Credit, and one for disabled persons to replace Family Credit and Disability Working Allowance and also a Childcare Tax Credit.

The centrality of welfare to work in Labour's strategy reflects a number of factors, but as Alan Deacon (p. xiii) notes in his introduction to *From Welfare to Work*, owes much to 'ministers' perceptions of developments in the United States and ... [the] important influence on those developments of the ideas and arguments of Lawrence Mead'. The Institute for

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TABLE 1. *New Deal schemes*

Target Group	Unemployed[a]		Lone Parents[b]	People with Disabilities
Age	18–24 Years	More than 24 years	All (originally those with school aged children)	All All
Duration of worklessness	More than 6 months	More than 2 years	All	All
Timing	April 1998	June 1998	April 1998	Late Spring 1998 for first implementation
	Gateway Devised locally but to include: • intensive help to find unsubsidised jobs • advice and guidance to diagnose action needed to find work • etc.		Voluntary access to:	Funding of bids for schemes to test ways to help sick and disabled people to move into and remain in work
Content of Scheme	*Options* • Subsidised employment • Full-time education • Voluntary work • Environmental task force • Self-employment	*Options* • Subsidised employment • Full-time education	• Advice • Access to programmes • Follow up • National childcare strategy	
	Follow through For those who have completed their option without finding work: • Intensive help to find jobs • Renewed access to careers advice and guidance			
Cost	£3,150m	£350m	£200m	£195m

[a] £60m from the windfall tax was added in the 1998 Budget to enable women without children whose partners are unemployed to gain access to employment programmes. People aged under 25 with an unemployed partner will be obliged to work or to look for work.
[b] The 1998 Budget added £25m to meet the cost of helping lone parents with children aged under 5.

Economic Affairs and editor Deacon have therefore done a considerable service in encouraging Mead to synthesise his work and to invite others critically to examine it. Complementing this volume, the Joseph Rowntree Foundation has published the first three reports in its Work and Opportunity Series that bring together a wealth of largely empirical evidence. The titles of the Rowntree reports could be used interchangeably but Bryson *et al.* focus on lone parents and the factors influencing their employment prospects; Millar *et al.* concentrate on low pay and poverty, the role played by in-work benefits and the possible contribution of a minimum wage; while Gardiner reviews and, as far as possible, evaluates a range of welfare to work schemes.

Almost uniquely, therefore, it is possible directly to compare theory and 'theoroids' (ideology, ignorance or prejudice masquerading as theory) with facts and 'factoids' (assumptions taken as fact in the absence of evidence). It is clear that the theorists could profitably pay more attention to the facts and that the empiricists should read the theory both to inform

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and amuse. It is evident that those who advise the Labour government have, albeit rather selectively, read both.

MEAD'S THESIS

Mead's presumption is that:

> 'More important than any economic factor as a cause of poverty is ... the culture of poverty'. Although many people suggest that they want to work many 'resist taking low paid jobs' and 'a greater number are simply defeatist about work or unable to organise their personal lives or hold jobs consistently. These feelings are rooted in turn in the historic lack of opportunity that minority groups – who compose most of the poor – knew in this country and in their countries of origin in the past'. (p. 12)

> Poverty of [a] structural type was much more prevalent before 1960 than since. Rather, the need usually results in the first instance from self-defeating actions by poor people themselves, particularly non-work, unwed childbearing and crime.' Policies of both liberals and conservatives 'presume that the individuals to be helped have the capacity at least to advance their own self-interest, if, not society's' ... That is the presumption that has proved invalid for many of today's poor people. ... [T]he opportunity structure has little influence on personal behaviour at present. Social arrangements affect how people are rewarded if they function not whether they function. Rather the ability to cope stems largely from one's family and upbringing. (p. 13)

> The solution lies in rebuilding the family, not society... For these Americans, the way forward is no longer liberation but obligation. (p. 15)

On first reading, it is surprising that Mead has had any influence on the seemingly very different British debate. Indeed, Dee Cook in her strident riposte illustrates the limits of the exchange accusing Mead of 'expressing sentiments which, in an academic, or policy context, would seem ... to beggar belief' (p. 112) and, on Mead's analysis of the underclass: '[He] wrongly assumes a simplistic, linear and causal link between family/unemployment/poverty/crime which may be echoed by media pundits, politicians and publicans alike, but is not supported by academic research evidence' (p. 113). However, Mead's policy prescriptions in the area of welfare to work are more measured, especially in the context of other US commentators such as Charles Murray who advocate the abolition of welfare. Moreover, his journalistic skills may be one reason why media pundits on both sides of the Atlantic have echoed his views.

In essence he cites the self-same studies as Labour politicians that show that schemes such as GAIN in Riverside County in California and SWIM in San Diego, which are purportedly different from other schemes in their 'willingness to enforce participation and work' (p. 28), are more effective in boosting earnings and reducing welfare rolls. He also writes of Wisconsin as an exemplary case and approvingly notes the 'superlative bureaucracy' and a public service that 'draws talented individuals who

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willingly shoulder the special problems of running complex work programmes' (p. 226). He recognises the need for intensive case management to deliver the 'push' into work and, applauded by John Philpott (p. 76) in his critique, that the: 'heavy-handed use of benefit sanctions can be counterproductive. The purpose of sanctions is to clarify what is expected of the jobless...sanctions can act as a motivational tool rather than a means of coercion.' Indeed, if one was to ignore the linguistic differences that bedevil the transatlantic policy debate, the following quotation might even indicate that Labour's strategists are ahead of Mead: 'I personally deny that reducing dependency is an important goal of reform. Raising work levels among the poor is vastly more significant' (p. 131).

THE BRITISH RESPONSE

As already indicated, the response of commentators to Mead's ideas was mixed. Mead, in his rejoinder, believed that three of the five, Alistair Grimes, Frank Field (minister for social security reform) and John Philpott, agreed that 'work should be mandated for the jobless living on benefit' (p. 127). With characteristic, if misplaced aplomb, he also noted that these 'seem[ed] to be the commentators who know most about how employment programmes actually operate' (p. 127).

In fact, Grimes seems to be equivocal on the issue of compulsion, accepting the need for obligations but rejecting compulsion in practice if not in theory. Unlike Mead, Grimes believes that some voluntary schemes, such as those operated by the Wise Group, with which Grimes was once funding controller, have proved successful in the UK. Moreover, he argues that compulsion creates 'conscripts' that, in turn, serve to undermine the value and status of the work experience or training received.

Philpott, on the other hand, does seem to accept the need for the long-term unemployed to be given a push, accepting also that having 'experienced failure they are fearful to try unemployment again' (p. 75). Then, again, he places greater emphasis on demand deficient unemployment, the perverse incentives created by low wages and the uncertainty inherent in restarting work, as causes of the problem than on the 'negative mindset' that Mead ascribes to the 'seriously poor'. He also approves of the additional opportunities being created under Labour's New Deal rather than relying on Mead's assertion that 'most of the jobless can find some legal job quickly' (p. 128).

Field similarly believes that 'economic pressures feed directly in to poverty in the UK' (p. 60) but he accepts that some of the longest term unemployed lack basic work and social skills. He adds that the 'hours spent on job-search ... drops sharply as the length of time out of work

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increases' (p. 61). But rather than holding the poor themselves to blame for their behaviour Field blames the corrupting influence of means-testing: 'Mead thinks that the system needs a full-front attack on the retreatism and the marginalisation of the poor. I think the system must stop encouraging it' (p. 61). Field also recognises the diversity of unemployed people and the need for a variety of responses to be included in the welfare contract. He cites, too, with approval, the policy in Wisconsin of using existing benefit staff to act as 'interceptors' who talk to people applying for benefit about alternatives because 'these workers knew at first hand the corrosive effect of time [spent] on the welfare rolls' (p. 63).

Another commentator, journalist Melanie Phillips, accepts the erosion of the work ethic and unemployment as causes of poverty, but rejects Mead's contention that welfare policies and work can be used as policy instruments to rebuild the family. To insist on work, Phillips argues, could 'make lone parenthood worse for the most vulnerable people in this situation, the children' (p.123). Instead, the problem that policy should be addressing, according to Phillips, is the 'whole phenomenon of family disintegration' by, among other things, 'promotion and privileging of marriage through both public education and ... legal and fiscal measures' (p. 125). This strategy 'the very generalities' of which, Mead snipes, show 'that she too has very little idea about what to do' (p. 133).

But it is Eithne McLaughlin who provides the most destructive critique of Mead's theory. She contends that he fails to demonstrate that it is compulsion *per se*, rather than the quality of administration, that explains the success of some US programmes. Second, Mead's individualistic explanation of poverty ignores the complex interactions between structure and agency: 'growing up in a household on benefits involves confrontation with the judgement of the wider society about how much you are "worth". Given the levels of out-of-work benefits, it is impossible to escape the answer "not much"'(p. 90). Finally, McLaughlin argues that late modernity places new demands on people to plan, define and organise their lives which demand a greater emphasis on just the educative and human capital building interventions that Mead dismisses. She also draws attention to the contradiction between policies aimed at 'developing and enhancing competence – or capabilities, or the capacity for autonomy' (p. 80). Mead, in his rejoinder, cannot bring himself to mention McLaughlin by name.

THE EVIDENCE

Before sifting the Rowntree studies for evidence on the behaviour of Britain's poor, two contextual points are in order. First, the British debate

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has focused less exclusively on lone mothers than in the US, not least because social assistance is more generally available to other groups. Second, while claimants of British means-tested benefits are disproportionately drawn from ethnic minorities, the racial element in the discussion of benefit dependency is largely missing.

Lone parenthood has, however, climbed up the public agenda in Britain, although the debacle of the abolition of lone parent benefit demonstrates that popular policies in one country are not always a good guide to public reaction in another. Bryson *et al.*, document the growth in lone parenthood from 570,000 in 1971 to 1.7 million today and the fall in the proportion working at a time when female participation rates overall have been rising. But the growth of a culture of dependency is not the reason for these changes:

> For example, early pregnancy or single parenthood without prior marriage or cohabitation did not make lone mothers more likely to be welfare claimants. Nor did long periods as lone mothers. Most lone mothers were or had been welfare claimants ... The minority who avoided becoming claimants were those with good qualifications, which permitted them to be self-supporting, and those who did not have young children.
>
> Nor did young, single ('never-married') mothers have a low inclination to enter employment. (pp. 76–7)

For the underlying reasons one needs to look beyond the Rowntree volumes – and Phillip's language of aggrieved despair – to fundamental social changes that have been described by demographers, sociologists and population scientists (Ford and Millar, 1998).

What Bryson *et al.*, show, through analysis of a cohort interview survey conducted in the early 1990s, is that lone parents come to be trapped in poverty by low earning power and the need to provide the childcare that is in other circumstances shared by two parents. Hardship, not necessarily dependency, increases with the time spent on Income Support while earning power declines, perhaps due to an erosion of skills. Over half of lone mothers have no academic qualifications and, while on-the-job training boosts earnings, most mothers work in jobs that provide little or no training. Maintenance payments reduce hardship but only if they increase income and are not off-set by falls in benefit; once account is taken of a range of pertinent factors, maintenance does not even serve to increase lone mothers' chances of employment.

Young children impose practical limits on earning power. Not only does childcare have to be found and financed, but, perhaps contrary to Phillips' expectations, lone mothers frequently prefer to nurture their children themselves. Some lone mothers in the months following relationship breakdown feel that their children have already suffered enough

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and do not want to offer additional rejection (Leeming *et al.*, 1994). Indeed only 32,000 had claimed the new childcare disregard added to Family Credit before the announcement of its replacement by a Childcare Tax Credit (HM Treasury, 1998a). Perhaps the reason was that most childcare, even when paid for, is informal and was (and remains) ineligible for financial assistance from the state (Middleton *et al.*, 1997). Whether the National Childcare Strategy will alter this situation of low uptake remains to be seen but on-the-ground experience from Wisconsin's W2 programme suggests that it may not.

The evidence that Gardiner summarises indicates that, like lone parents, other groups of potential workers are trapped on benefit rather than choosing a life on welfare:

> Barriers that affect an individual's attachment to the labour market are found to be linked more to their characteristics rather than their attitudes ... The shortage of adequately paid jobs is a serious barrier that is almost so obvious that it is ignored. (p. 12)

> The individual characteristics that have the biggest impact (on moving from welfare to paid work) are long-term health problems, caring responsibilities, lack of work experience and basic skills, followed by a disadvantage in qualifications. (p. 12)

The benefit system, with different schemes on each side of the employment divide, also exacerbates the risk and uncertainty of moving into work. It also generates some disincentives to work, such the loss of housing cost and, for spouses, the loss of their partner's means-tested income (although the importance of this latter factor has recently been questioned (Elias, 1997). Additionally, Bryson *et al.*, note that lone parents on Family Credit suffer from unexpectedly low wages and earnings growth. This they explain in terms of people taking jobs with poor prospects, rather than resulting from the poverty trap disincentives that might cause lone parents on Family Credit not to increase their hours of work. (It should be mentioned, though, that Bryson's methodology has been subjected to profound criticism in, Wiseman, 1998.)

Later research generally reinforces these findings (Bottomley *et al.*, 1997; McKay *et al.*, 1997). The unemployed typically continue vigorously to look for work and do not reduce the hours of job-search even after long periods of unemployment. Reservation wages appear to be set in relation to family assessments of need rather than benefit levels, and many unemployed people take jobs paying substantially less than they had hoped for.

In reality, work alone does not guarantee an escape from poverty. This is partly because, as Millar *et al.* (p. 7) note, wages have two functions: 'as a return for work and as a means of subsistence'. Wages are fixed in rela-

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tion to the first function and pay no heed to the second. In 1994, 1.4 million men and 3.2 million women were low paid, that is earning less than two-thirds of the median for all employees aged between 16 and pensionable age. Not all of these people were poor, defining poverty to be living in a household with less than 50 per cent of mean household income (Table 2); 40 per cent, for example, escaped poverty because they had a partner in employment. Nevertheless, one in eight of all low earners, one in four single earner couples and nearly one in three lone parents in work, would count among the 'working poor'.

THE POLICY RESPONSE

If entrapment rather than perverted choices is the problem, what is the solution? Bryson *et al.*, propose: investing in improved academic and vocational training to boost the job prospects of lone mothers; encouraging training in work to increase earnings growth; and improved assistance with childcare costs. Millar *et al.* evaluate various changes to the benefit structure (including a tax credit which, like many commentators, they dismiss (Walker and Wiseman, 1997; Dilnot and Giles, 1998) and choose a package that involves increasing the rates of Family Credit for school aged children, steepening the taper of benefit withdrawal and a cut in social rents. Gardiner appears to suggest a range of strategies that create bridges to overcome barriers (Table 3).

And what of the government, where do the 1998 Budget proposals place New Labour on the ideological spectrum and how well do the policies score? Following Mead, work is defined as the solution to poverty for the many and ministers are intent to 'make work pay' using a tax credit, the principle of which Mead approves. Little attention is given to labour demand. Against Mead's inclinations, New Deal policies represent a substantial investment in education and basic skills training. Moreover, this investment is to be extended on a voluntary basis to lone parents nationwide and trialed for the partners of unemployed men. However, there is no sign yet that Labour will extend aid to lone parents (or others) who are already in work, as Bryson *et al.*, proposed. Labour's policies for life time learning have this potential and the logic of counselling and mentoring points to continuing support, albeit if initially short term.

Compulsion is already involved for 18–24 year old unemployed claimants and is to be extended to their partners, to all others unemployed for two years and to selected groups who have not reached the two-year threshold. This may provide the definitive test of Grimes's assertion that conscription will have detrimental outcomes for service delivery. There is also to be plenty of 'pushing'. The challenge for this strategy,

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TABLE 2. *Escape routes from household poverty: low-paid employees in 1994*

Means of escaping household poverty	% of low-paid employees
Own market income	8.3
Spouse's market income	40.4
Non-means-tested benefits	3.9
Means-tested benefits	4.4
Other's income	30.7
In poverty	12.4
Total	100.0

Source: Millar *et al.*, 1997.

TABLE 3. *Links between bridges and barriers*

	Bridges		
Barriers	Education/ Training	Job search Assistance	Incentives/ requirements for employer
Individual characteristics	✓		
Individual attachment to the labour market		✓	
Job market	✓		✓
Work-related arrangements and costs			
Benefits system and employment services			
Lack of information	✓	✓	
Uncertainty			✓

Source: Gardiner, 1997; see also, Walker, 1998.

across New Deal as an entity, but especially as it comes to embrace disabled people, is to devise sensitive criteria that discriminate between those who have to be 'shoved' and those who do not. Labour believes that employment is the route to social inclusion, but discriminatory rhetoric and insensitive practice can make employment a cause of exclusion for those willing though, for whatever reason, unable to work.

Finally, Millar *et al.* will take some comfort from the greater support offered to low income families through increases in Child Benefit and the new Working Families Tax Credit and restructuring of National Insurance contributions. Like Millar *et al.*, the Taylor review (HM Treasury, 1998b, para.1.35) wondered 'whether help with rent can be given in ways that improve incentives more effectively' but left the problem to be addressed by the Comprehensive Spending Review. Rather than introducing schemes to facilitate a seamless transition into work that

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Gardiner might support, Taylor confirms that the logic of Labour's approach is to avoid 'blurring the distinction between being in work and out of work'.

In summary, therefore, Labour's approach is pragmatic with ideological overtones: supportive evidence is embraced with that to the contrary tending to be ignored. But as Gardiner notes, the success of New Deal 'will hinge on attention to issues of implementation'. Mead would agree and is known to be concerned at the speed with which reforms are being implemented. Irrespective of whether a 'culture of poverty' lies at the heart of the problems that the Labour government is seeking to tackle, bringing about a change in behaviour cannot be achieved on the cheap. Over eighteen years jobseekers, employers and the electorate have come to accept that government measures in this area are no more than cynical attempts to massage the unemployment statistics. Only quality and success can change this perception. Initial failure could confirm the culture of contempt and minimise the chances of long-term effectiveness.

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