

## Fair, Unfair and Workfare

Blame the unemployed for unemployment. This is the basic principle behind New Labour's proposals to reform welfare benefits.

Failure to find employment is no longer the result of labour market conditions or health barriers to work, but rather a motivational failure on the part of the unemployed. If they have their way, New Labour will preside over the dismantling of the welfare state, which has existed in a recognisable form since the reforms which came out of the Beveridge report.\*

Editor's note: We have decided to republish below an excellent prescient article by Leanne Wood A.M originally published in Cambria Magazine in 2008.

By LEANNE WOOD A.M. & RHYDIAN FÔN JAMES

The Department of Work and Pensions (DWP) recently published its welfare reform green paper, No One Written Off,\*\* which is based on a report by banker David Freud.\*\*\* The first big change will be the abolition of Incapacity Benefit (IB) and Income Support (IS), amongst some other big changes to benefits. The purpose is cited as the 'simplification' of the benefits system. There will now be two types of benefits to replace the others – Job Seekers' Allowance (JSA), which already exists but will be modified, and the Employment and Support Allowance (ESA), which was introduced\*\*\*\* on the 27th October 2008.

JSA will be even more stringent than it is now. People will be required to undertake periodic checks on their availability for employment and compulsory health checks, they will have to provide evidence that they are searching for employment and they could be required to participate in back-to-work programmes and community-based work experience. Much of this system is already in place, but in future it will be backed up with serious benefits sanctions for those who fail to meet the conditions. There will also be requirements on lone parents to take up back-to-work schemes and training once their child reaches the age of five, with requirements to work once the child turns seven.

There are undoubtedly some who selfishly use benefits to avoid work. But life on benefits is not the easy ride some right-wing sources like to depict. It means rationing basics like food and fuel. It's difficult to imagine someone having an ambition to live on benefits.

Most people are aware of a few people whom they suspect of using the welfare safety net as a lifestyle choice. The problem is assuming that all the unemployed are playing the same game – and punishing the vast majority who are desperate to find jobs. A comprehensive programme of employment support is the only fair way to help the unemployed into work.

\* W. Beveridge, 1942. SOCIAL INSURANCE AND ALLIED SERVICES. London, HMSO, Cmd. 640437 \*\* NO ONE WRITTEN OFF: REFORMING WELFARE TO REWARD RESPONSIBILITY, Department for Work and Pensions, 2008 \*\*\* Freud D, 2007, REDUCING DEPENDENCY, INCREASING OPPORTUNITY: OPTIONS FOR THE FUTURE OF WELFARE TO WORK, Corporate Document Services \*\*\*\* A NEW DEAL FOR WELFARE: EMPOWERING PEOPLE TO WORK, DWP.

The providers will be paid well for their support, out of the savings made on benefits payments. Thus they will be reimbursed, from taxpayers' money, for the negligible costs of gaining a large, unpaid workforce. Creating such a situation is economically unsound. The result will be, ironically, higher levels of unemployment. Many full-time jobs will be axed as a benefit claimant workforce will be far cheaper. As firms cut back on their paid employees, unemployment will rise. This will lead to lower wages, as people accept low pay in order to compete with benefits recipients.

A reduction in wages will be more likely as ESA designates more people employable, so that firms can recruit more easily. So as well as forcing workers out of jobs, the ones who remain will get a lower wage. This reasoning leads to the major flaw in these plans – individuals will be forced to search for jobs that do not exist.

Recent Office for National Statistics (ONS) and DWP\* data shows approximately 21 thousand vacancies across Wales but over 330 thousand claimants of JSA/IS/IB. How can so many claimants be squeezed into so few available jobs? The Green Paper also proposes the creation of a competitive market in benefits provision and employment support. It is obvious that the providers will strive to maximise profits. They will be reimbursed by the state but they will also attempt to make their workforce as productive as possible. They will inevitably attempt to minimise their costs, which will be at the expense of their service quality. The claimants will suffer.

Providers could end up deliberately holding back claimants in order to later place them in work that is more profitable for the provider. Benefits sanctions can, arguably, reduce costs for the DWP, by forcing people into work with the threat of sanctions. Freud says the government can save £11 billion by implementing his recommendations, although this assertion is based on a number of rather flimsy assumptions. But sanctions mean a suspension of benefits, which mean that those sanctioned may have no income during the period of the sanction. If such people are genuinely unable to find a job, or unable to work due to health or family reasons, they will end up destitute.

Two options face those with no income: steal, or feign illness so that hospitalisation is inevitable. In this case, the state bears the cost through the Home Office or the NHS. More seriously, the ill or disabled may have dietary requirements, or may suffer in other ways if they face benefits sanctions. In these cases, the NHS will be picking up the bill. Other government departments, such as those responsible for education and public service delivery may also be expected to bear extra cost.

Looking beyond DWP's Departmental Expenditure Limit (DEL), the total savings for the government will not be as large as advertised. (\*Work and Pensions Longitudinal Survey)

TUC General Secretary Brendan Barber can see the potential problems. 'People who lose their jobs want help in getting new skills and new paying jobs, not make-work schemes that provide no pay, no prospects and not even any time to search for a new job. Workfare policies do nothing to benefit wider society. And workers in low paid jobs could well be

replaced by workfare claimants leading them to lose their jobs in turn.&rsquo;

This sentiment has been echoed by Public and Commercial Services Union general secretary Mark Serwotka who has said: &lsquo;These proposals are regressive and draconian, going further than even Thatcher dared in the 1980s. Picking up litter to receive benefits will stigmatise people and do nothing to get people back into long-term sustainable employment.&rsquo; He added: &lsquo;The proposals will also entrench the role of the private sector in the delivery of welfare reform. The public sector has consistently out-performed the private sector in getting people back into work and we fear that the profits for the few will increasingly be the driving factor in the delivery of welfare, rather than the needs of the many.&rsquo;

Labour MP Jeremy Corbyn said he was &lsquo;surprised and disappointed&rsquo; that the government seemed to be &lsquo;punishing people for being poor&rsquo;.

Not surprisingly, the Tories welcomed the Green Paper. Breaking Wales up into its constituent parts shows that the economic centres of Deeside, Cardiff, Newport and Swansea have reasonable prospects for job hunters. Elsewhere, the situation is dire all over Wales. Arfon in the North has 366 vacancies but 700 JSA claimants, whilst Rhondda has 248 vacancies, and a massive 986 JSA claimants. The latest ONS figures\* show that Wales has 45.5 thousand JSA claimants alone, so even people on this benefit are struggling to find work. And the current recession means that job vacancies are declining rapidly, at the same time as redundancies soar.

Considering the current economic climate, and the general unfairness of these proposals, especially in Wales, the response must be to implore the Westminster government to rethink its position. The only sensible route is to encourage people into employment through support and the creation of more incentives for work, not to punish the most vulnerable people in our society.

Plaid Cymru has noted social and economic research on the proposals, and the pleas from Trade Union, and has wholeheartedly rejected the welfare to work philosophy. In contrast, with these socially conservative measures, New Labour appear to be attacking what used to be their core support in order to please a small cabal of right-wing tabloid newspapers. With friends like New Labour&hellip;

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\*Labour Market Statistics, Office of National Statistics