

# Britain: Labour to introduce work for benefits programme

## Private sector to bid for contracts

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The Labour government in Britain has escalated its attack on the unemployed, the disabled and other vulnerable people with an announcement in a green paper to introduce a work for benefits scheme.

The Green Paper—"No one written off: reforming welfare to reward responsibility"—follows the Welfare Reform Act 2007 which will phase out Incapacity Benefit and replace it with Employment Support Allowance. The Act is a wide-ranging attack on millions of the poorest and most vulnerable people who rely on Incapacity Benefit (IB) as their primary social security payment. Currently recipients of the benefit are deemed unable to work due to poor physical or mental health. The government plans to reduce the number of people claiming Incapacity Benefit by one million by 2015.

Among many other changes, the green paper proposes that people who have been on benefit payments for 12 months or more will be required to do four weeks' work in their neighbourhood, or lose the right to benefit.

Anyone who has claimed Job Seekers Allowance for more than two years will be made to take full-time community jobs in return for their benefit payment and will be required to "sign in" each day. This would mean claimants working a full 35-hour week to earn a £60.50 Job Seekers Allowance payment. This equates to £1.70 an hour, less than a third of the minimum wage.

In a move aimed at the further privatisation of welfare provision, firms in the private sector and voluntary organisations are to be awarded contracts and bonus incentives to find work for those on benefit.

Incapacity Benefit and Income Support are to be ended by 2013 and replaced with the new Employment Support Allowance, which comes into operation in October. All 2.7 million recipients of Incapacity benefit will be forced to undergo stringent tests by doctors other than their own to determine whether they can work.

Under the new proposals lone parents with children aged seven or more will be expected to seek work.

Announcing the Green Paper to Parliament in July before its annual recess, Work and Pensions Secretary James Purnell said, "The longer people claim, the more we will expect in return. At three months and six months, claimants will intensify their job search and have to comply with a back-to-work action plan. Work works and it's only fair that we can ensure that a life on benefits is not an option."

The measures were immediately supported by the Conservative Party opposition. Leader David Cameron said, "Great—the government has taken up our ideas. I am absolutely thrilled at that. What (Mr. Purnell) has done is very much taken the ideas we came up with in January, that are very clearly thought through and involve tough choices."

So right-wing and authoritarian are the proposals that Conservative work and pension's spokesman Chris Grayling told Parliament, "Since these are Conservative proposals we will certainly support them. I know

you will have some difficulties getting them through your own party. Can I assure you we will help you get them through this House even if you have a backbench rebellion to contend with."

The measures lay the basis for a final break with any welfare-state consensus that existed in the postwar period. Remarking on the importance to any future Conservative government, Grayling added, "It's particularly helpful that they're bringing them forward now because we always expected the reforms to take a couple of years to prepare before being ready to yield results."

"So in reality what this announcement means is that the next government will inherit a set of proposals that have been turned into action and are ready to bring about real change to our welfare state."

The Liberal Democrats merely criticised the already "complex benefit system" and called for more "careful thought." They were most concerned about the effect the measures would have on the private sector.

Liberal Democrat work and pensions spokesman Jenny Willott said, "James Purnell may think that privatising all back to work support marks out his modernising credentials but it lacks foresight."

"If recession takes hold it may not be profitable for companies to bid for welfare contracts, yet the public infrastructure will have been completely eroded. There needs to be more careful thought about how the market would operate in a severe downturn with rising unemployment."

The paper is presently going through a "consultation period" to last until October. A legislative paper will then be drawn up by January, with the measures expected to become law in the Spring of 2009.

One of the central priorities of Labour when it was elected in 1997 was to make drastic cuts in state spending on the unemployed and benefits as a whole and that they sought to implement the measures to do so. The report states, "In 1997, we inherited a largely inactive welfare state. For the last 11 years, the Government has gone about transforming it into an active one."

Lauding its "New Deal" programme the paper boasts, "In return for extra support, young people were expected to take up jobs and training or see their benefits cut. It was the beginning of the end for the idea that people could sit at home and claim benefits if they were able to work and had the offer of a job."

The paper boasts, "Together with a growing economy, these reforms moved a million people off key out-of-work benefits, including almost halving claimant unemployment. As a result, we are spending over £5 billion less on benefits for unemployed people".

Whilst lambasting the unemployed for "sitting at home," the paper makes no mention of why swathes of people were unemployed in the first place and forced to live on a pittance. This was wholly due to the economic and social policies of the previous 18 years of Conservative Party government, which saw tens of thousands of jobs destroyed as part

of smashing up nationalised industries in order to facilitate privatisation and drive up profitability.

Upon assuming office Labour continued in the same vein, with the stated aim of creating a “flexible labour market” for Britain’s service sector and a low wage economy for the corporations. The New Deal programme was aimed at forcing the unemployed—especially the young—off welfare benefits into low paid jobs at the newly set minimum wage level.

With its green paper the Labour government is stating that these policies did not go far enough and that further attacks on what remains of the welfare state are required if the British economy is to remain competitive internationally. The document frames the attack on the unemployed as being bound up with “the need for people to get the skills to progress in an increasingly competitive and globalised society.”

### **“Work for your benefit”**

The paper states: “Our objective is a social revolution: an 80 percent employment rate—the highest ever.” This drive to reduce the unemployment rolls is to be based on the creation of a massive pool of cheap labour. Essentially the unemployed and most vulnerable members of society are to be used as a battering ram by employers to cut pay and conditions in general.

There are already 2 million more people employed in Britain than in 1997. Britain has the highest work participation rate of any of the world’s richest nations.

Under the section “an obligation to work,” the paper states, “Throughout the course of their claim their responsibilities will increase. The longer people claim benefits, the more they will be expected to do.”

Anyone who has been unemployed for 12 months or more “will be transferred to a private, public or voluntary sector provider who will be paid by results. No one who completes 12 months with a provider without moving into work could do so without having undertaken at least four weeks of full-time activity.”

Labour outlines the punitive measures to be implemented against the unemployed. In the section “Work for your benefit,” the document states, “We want to send out a clear message that people capable of work but who have not found a job by this stage will be required to work full-time or undertake full-time, work-related activity in return for their benefits.”

Under the section “A stronger sanctions regime,” the paper proposes the loss of up to two weeks’ benefit for those who don’t attend appointments and interviews or to sign on in time.

Those benefit claimants currently receiving Incapacity Benefit will face being coerced into “work-related activity” or have their benefit cut. Up to 40 percent of those claiming Incapacity Benefit are mentally ill or physically disabled.

The paper states, “We will enact powers in the Welfare Reform Act 2007 to require new customers in the Work Related Activity Group to undertake general work-related activity. Customers who do not meet these requirements will have their benefit reduced. We will also extend throughout the first two years of a claim, the period during which new customers are required to engage with us by introducing Work Focused Interviews.”

Those deemed fit enough by a doctor will be moved from Incapacity Benefit to the new £82-a-week Employment and Support Allowance and will be expected to look for work.

### **Private sector to bid for contracts**

The paper outlines the further privatisation of welfare under a new “Right To Bid” scheme. Private companies will be able to bid for lucrative contracts and be paid for the number of people they dragoon into employment, whatever form that takes.

Companies that currently deal with the mentally ill provision will, for example, be allowed to run schemes aimed at finding them work. They will then be paid a bonus for each person who finds employment.

These measures were first proposed in March 2007 by David Freud, an investment banker hired by the government to advise on welfare policy. He authored the report “Reducing dependency, increasing opportunity: options for the future of welfare to work.”

The previous month Freud had claimed that “up to two thirds of people claiming Incapacity Benefit are not entitled to the state handout.” This included some 1.9 million people who Freud claimed were perfectly able to work, despite being assessed by a doctor and certified unfit for work.

Freud’s comments, which were roundly condemned by organisations representing the mentally ill and disabled, were a deliberate attempt to whip up the media-led campaign denouncing Incapacity Benefit claimants as “fraudsters” and “cheats.”

The Disability Alliance pointed out that Freud’s figures were vastly exaggerated and that the “most recent official figure for incapacity benefit fraud suggests it is below half a percent.”

In his report to the government Freud proposed a “greater use of private and voluntary sector resources and expertise so harder-to-help benefit claimants receive more employment support, particularly existing customers who have been trapped on benefit for long periods of time.” His report recommended “the use of private contractors because no one else could raise sufficient capital. It is proposed that there will be eleven regions, one contractor for each region. Voluntary sector organisations may be subcontracted for certain services.”

The new work for your benefit measures are to be implemented in six pilot areas before being introduced nationwide. These include Greater Manchester and Lambeth, Southwark and Wandsworth in London, inner city areas which have been blighted for generations by poverty, unemployment, an increase in mental illness, low mortality rates and other social ills.

Earlier this year statistics released by the Conservative Party, based on Department of Work and Pensions’ Neighbourhood Statistics, found that 820 out of 1,074 working-age adults in Falinge and College Bank, two districts of Rochdale in Greater Manchester, were claiming out-of-work benefits. The figure of 76.4 percent was the highest in the country.

According to the figures there are 60 wards (local districts) of Britain in which more than half of all adults are unemployed and on benefits. The statistics were seized on by the national press and highlighted as an example of “welfare culture.” The *Sun* described Rochdale as the “the scrounge capital of the UK.”

Following the release of the figures, Paul Rowen, the Liberal Democrat MP for the town, commented on the widespread poverty and social misery, “You cannot destroy British manufacturing and expect it will not also destroy some of our working-class communities.” “Falinge scores highly in all the wrong ways—deprivation, joblessness and ill health. The large-scale shutdown of factories in the ’80s and ’90s has decimated the area.”

Even while posing the question as to whether the residents of Falinge were “feckless scroungers,” the right-wing tabloid newspaper the *Daily Express* had to acknowledge that a council estate visited by its reporter in Falinge was “a depressing warren of poverty.”

Rochdale, as with most of the towns in south Lancashire, once employed tens of thousands of workers, mainly in textile manufacturing

and other industries. Over the past 30 years these have closed, leaving a legacy of unemployment, poverty and ill-health. According to figures by Rochdale Borough Council, “life expectancy for men and women in the Borough is less than the national average and in some wards is ten years less than in other parts of the Borough.”



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