

# PublicFinance

## Beyond the safety net, by Helen Disney

Welfare-to-work or 'workfare' was once a novel concept in the UK. Just a decade ago, in the heyday of New Labour, the idea of using private firms to encourage back into work people who have been unemployed for years was still considered too radical — or at least too American — for British tastes.

While Tony Blair's original concept of a 'New Deal' talked the talk of US-style welfare reform, it never really walked the walk. It was aimed more at job creation than at filling genuine gaps in the job market, and thus fell flat with employers, many of whom saw it as effectively a subsidy for the hassle of employing the unemployable.

More radical ideas were still being toyed with by some policy thinkers, including the more thoughtful welfare experts such as MPs Frank Field and David Willetts. But these approaches — inspired largely by the welfare-to-work models pioneered in the US state of Wisconsin — mostly remained in the realm of the think-tank seminar.

Yet now it would appear that both Labour and the Conservatives are once again ready to do battle for the prize of reforming welfare. This week's launch of the government's welfare green paper, *No-one written off*, under the stewardship of Work and Pensions Secretary and rising star James Purnell, attempts to claim that Labour finally has the answer. The answer being that 'work works', to coin a self-evident phrase.

Under the proposals announced to Parliament on July 21, the government will become much tougher on those who are unemployed or on Incapacity Benefit. Single parents might have to participate in training for a return to work even before their children are of school age, not to mention the ambitious target of getting a million people off Incapacity Benefit by 2015.

Purnell also wisely proposes scrapping Income Support and Incapacity Benefit, replacing them with a simplified system of an Employment Support Allowance for those with disabilities that limit their ability to work or a Jobseeker's Allowance for those who can work.

Aiming to instil work as an obligation rather than a choice, the paper proposes that those with children aged seven or over will be expected to seek work but suggests training for those with younger children. Additional benefits will be granted to lone parents of younger children if they attend a 'skills health check'.

The Tories, meanwhile, support the proposals, arguing that while they agree with the measures, this is because Labour has yet again stolen their ideas. And indeed, the Conservatives did set out their own welfare green paper, entitled *Work for welfare*, six months ago.

The main principles of this green paper closely mirror those of the government: respect for those who cannot work; employment for those who can; assessments for those claiming out-of-work benefits; and limits to claiming out-of-work benefits. Both parties also now support using the private sector to place benefit claimants into work — something the government has been doing for some time, at least with the most difficult cases, although the Conservatives would be likely to take this further.

It is hard to see an enormous difference between the two main parties' approaches. Yet arguably they have come to the same conclusions because the UK's welfare problem remains the same as it has done for many years. While unemployment has been low overall under New Labour, there remains an entrenched group of long-term unemployed people and people on Incapacity Benefit, as well as so-called 'Neets', the million or so young people who are not in education, employment or training.

The statistics are only likely to worsen if Britain is headed for darker economic times. Unemployment is likely to rise and with lower tax revenues from employment, the government will have fewer resources to support the growth in demand for welfare benefits. It appears that 'work works' for ministers too.

Yet a shift in attitudes towards the welfare state — especially by Labour — appears to have taken place, prompted by more than just the threat of recession. Policy-makers have acknowledged that what began as a safety net for the poor at some stage became a way of life for some communities in Britain. And while the parties might still differ on the causes of welfare dependency, everyone can see that its social and economic consequences are grim.

What might seem like tough measures could actually offer the best hope of breaking the cycle of welfare dependency so that even those who have lost all confidence in getting a job are offered a chance at training and developing new skills.

Both green papers recognise that current policies no longer serve those they once aimed to help. It remains to be seen which party gets the chance to put their words into action.

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