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**Something red, bold and new? Welfare reform and the modern  
Conservative Party**

**Abstract**

Couched in a concern for social justice the self styled progressive conservatives in and around the leadership of the Conservative Party have identified the structure and scope of the welfare state as a cause of the social problems it seeks to ameliorate (Cameron, 2009a; Conservative Party, 2008). The Coalition Government's welfare reform proposals emanate from an analysis of Britain as a 'broken society' and in response advocate individual self reliance and a 'big society'. Existing policy trends (see Dwyer, 2008) to tighten direction and supervision of benefit recipients and champion the role of the third and private sector in publicly funded employment services are to be intensified (Duncan-Smith, 2010). Welfare reform is following a path of seeking to strengthen labour market discipline and bear down on benefit expenditure whilst ensuring that the restructuring of delivery is in accord with market rationality and forms of organisation. This paper argues that rather than an innovative means for tackling the social problems of contemporary Britain, the progressive conservatism of the Coalition Government's welfare reforms indicate a commitment to what we might term the Neo-liberal Paternalist State (Soss *et al*, 2009).

## Introduction

This paper examines how the self styled progressive conservatism of the modern Conservative Party is shaping welfare reform through an exploration of the particular policy sector of welfare to work. To do so it draws on Conservative Party policy documents, the speeches of senior Conservative Party politicians, reports from key centre right think-tanks and the developing policy measures of the Conservative-Liberal Democrat Coalition Government. It does not and cannot therefore comment on the success or effectiveness of specific policy measures being introduced; instead it seeks to examine the impact of Conservative thinking on the changing structure and delivery of welfare to work services. Rather than a break with New Labour it is argued that the welfare to work approach of David Cameron's self styled progressive conservatism marks the continuation of neo-liberal socio-economic parameters within which social problems are identified and solutions proposed. One aspect of contemporary conservative thinking does offer a partial challenge to this bi-partisan model, namely Red Toryism. A central plank of the Red Tory critique disavows neo-liberal economics as it seeks to foster a break with a perceived state supported monopoly capitalism (Blond, 2008: 89; 2009b) and thus holds out the prospect of disruptive implications for the (re) structuring of labour market and social security policy. Yet despite a speech given by the leader of the Conservative Party David Cameron MP, to the World Economic Forum at Davos extolling the virtue of capitalism with a conscience and the need to place the market within a moral framework (Cameron, 2009c), stated Conservative Party economic policy shows little likelihood that it will seriously countenance a challenge to neo-liberal economics (Conservative Party, 2010). The second aspect of the Red Tory critique and its identification of social liberalism as the root causes of many contemporary social problems are however, readily incorporated into mainstream Conservative Party thinking. Here Red Tory ideas chime with the need to reinvigorate civil society, dismantle state led welfare services and use social policy to foster self reliance and independence. Conservative Party and Coalition Government welfare reforms propose to advance towards this goal through greater activation, conditionality and marketisation, which largely continues an existing trend that is the hallmark of what Soss *et al* (2009) - in their analysis of US welfare and its treatment of the poor - have identified as the Neo-liberal Paternalist State.

For the purposes of clarity it is important to identify at this juncture what it is I mean by the term 'Neo-liberal Paternalist State'. The use of the term neo-liberalism and paternalism can be somewhat slippery. Mudge (2008: 704) has suggested that we might best understand neo-liberalism as three interconnected spheres with an intellectual, bureaucratic and political face. The process of interaction through struggle and collaboration within and between these spheres makes up the neo-liberal project. The intellectual field essentially refers to the economic arena whereby specific theories (neo-classical/ monetarism) have sought to oppose certain forms of state intervention and public provision of welfare and advance the case for a low tax, market friendly regulatory environment with a flexible labour market and residual welfare state. The bureaucratic field refers to the use within public administration of specific policy tools to promote neo-liberal forms of market organisation and behaviour amongst delivery bodies and recipients of their services including deregulation, marketisation, agencification and privatisation. The political field refers to the structuring of mainstream political and policy making discourse around a market centred framework for approaching policy problems. Possible policy choices that do not necessarily fit within this market orientated framework are precluded from consideration for enactment (Mudge, 2008: 707), with the consequent outcome that the parameters of possible action become self reinforcing.

Paternalism meanwhile, for the purpose of this article, is taken to mean the application by the state of greater or lesser amounts of coercion to encourage individuals to pursue a course of action favoured by those in government. It is of course possible for paternalist policy not to involve coercion that may be seen as an onerous restriction of individual freedom, but rather seek to encourage or foster a particular action or behaviour whilst leaving individuals relatively free to continue to exercise choice over whether to follow this. For liberal paternalists such as Thaler and Sunstein (2003) the use of paternalism is to ‘nudge’ individuals into action that they would ostensibly benefit from, but for reasons of information asymmetry, inertia, poor understanding or some other explanation, have not pursued.

The application of paternalism by the state in the sphere of welfare to work however is frequently coercive and designed to override the self defined preferences of individuals themselves. The homo economicus presumption of individuals as rational self interested utility maximisers that is often implicit in policy making is shaped by state direction to ensure that individual action and behaviour accords with the promotion of market based forms of organisation and rationality. Consequently, policy seeks to shape individual behaviour and welfare provision in accordance with market norms, to promote the deeper penetration of market rationality in the delivery of public services and to roll forward a policy mix of incentives and disciplinary measures designed to coerce benefit recipients into making the ‘right’ choice by meeting ‘work’ obligations. Rather than minimising the role of the state, the nature of its involvement in economic and social policy is shifted so that greater opportunities for businesses are opened up; the economically inactive are commodified and subject to greater labour discipline to enhance the functioning of the economy and promote particular visions of social cohesion and morally appropriate behaviour (Soss *et al*, 2009).

In the UK, the Conservative administrations during the 1980s and 90s began the process of tightening eligibility for, and imposing greater conditions on, receipt of out of work benefits. A series of reforms, most notably Restart interviews, the Social Security Act 1989 and Jobseeker’s Allowance in 1996 were introduced and broadly became known as the *Stricter Benefits Regime* (Blackmore, 2001: 146). Under New Labour reform followed a similar trajectory with access to benefits increasingly dependent upon the fulfilment of particular forms of behaviour, most frequently employment in the formal economy. The Welfare Reform Act (2007) and Welfare Reform Act (2009) placed new expectations on out of work benefit recipients and further restricted the activities regarded as legitimate reasons for non-paid work activity. The decision to move increasing numbers of lone mothers onto Jobseeker’s Allowance once their youngest dependent child is aged 7 from 2010 and the introduction of the Employment Support Allowance, Work Capability Assessment and pilot ‘Work for your Benefit’ (DWP, 2008a; DWP, 2008b) programme all mark intensification of a coercive approach in labour market regulation. The developments seem to confirm Dwyer’s (2008: 213) contention that conditionality is at the core of the modern welfare state.

The application of coercive paternalism for benefit recipients has been accompanied by an increase in market activity and commercial pressures in the delivery of labour market programmes, previously the responsibility of the public sector. Political and policymaking rhetoric extols the virtue of contracting out in terms of improved cost efficiency, personalisation, innovation and effectiveness. For example, following the review of welfare to work programmes by David Freud (Freud, 2007) New Labour revised its active labour market programmes around greater involvement of for-profit and third sector service providers rolling out the Flexible New Deal (FND) in 2009 (DWP, 2008a; DWP, 2008b). Opportunities available for businesses in the for-profit and third sectors to become involved

in the delivery of return to work services have expanded and increasingly reward providers for the outcomes they achieve in moving people into employment, reinforcing market discipline within delivery organisations. The opposition Conservative Party, under the advice of David Freud, committed to the intensification of the marketisation of return to work services (Conservative Party, 2009; May, 2009). Now as the current Minister for Welfare Reform, Lord Freud is heading up the Coalition Government's implementation of the Conservative's Work Programme. The progressive conservative welfare reforms that leading members of the UK Conservative Party identify themselves with and which the Coalition Government is beginning to implement appear to favour a neo-liberal and paternalist social policy. That picture is somewhat complicated by the rise of Red Toryism, an issue to which I now turn.

### **Seizing the progressive baton? Red Toryism and the Conservative Party critique of the welfare state**

It is the prospects for and direction of renewal that has occupied the leadership of the Conservative Party since their defeat in the 1997 General Election and since 2005 under David Cameron this has been no different. Until the 2010 General Election the Conservatives were repeatedly rejected by the voters with the party associated in the minds of voters with selfishness, favouritism towards the wealthy and big business and antipathy towards the poor and lone mothers (Quinn, 2008: 190). Similarly the leadership believed voters saw the party as unbalanced in its focus on self-interest, economic individualism, economic growth and lukewarm support for public services (Evans, 2008: 9). In what might be seen as an implicit distancing from more Thatcherite elements in the party, Cameron (2009b: 7) argued that a focus on economic growth and rolling back the state would not deliver the reforms necessary to empower communities and individuals, redistribute opportunity and address poverty. Indeed in an allusion to Thatcher's infamous dictum, that there was no such thing as society, only individuals and families, Cameron in an early speech noted that he did think that society existed, but that it was not synonymous with the state (Evans, 2008: 9). This has been accompanied by references to the importance of strengthening society for tackling poverty and indications given that the party is at ease with social liberalism and a more tolerant society (Cameron, 2010: 293; Cameron, 2009a; Osborne, 2009). Yet as Evans (2010) notes, Cameron has long been comfortable with the reforms and ideas promoted by Thatcher, but has needed to distance the party from her legacy without incurring the wrath of the powerful right wing of the party. Renewal and policy development has consequently been couched in terms of a self styled progressive conservatism used to indicate a departure from the Thatcher and Major Conservative administrations without affecting a break with the neo-liberal reforms ushered in during the 1980s. Such an approach echoes the characterisation of One Nation Toryism by David Willetts (1992: 38) (an earlier advocate of modernisation and now Minister for Higher Education), as encompassing the free market, acceptance of the major institutions of the welfare state, along with the need for their reform through greater private sector involvement.

*'The progressive aims of a fair society, an opportunity society, a greener society and a safer society delivered through the conservative means of decentralising responsibility and power, strengthening families and society, building a new economy, and ensuring that government lives within its means'* (Cameron, 2009a: 3).

The most interesting strand of contemporary conservative thought are the Red Tory<sup>1</sup> ideas of Philip Blond which does advocate a clear break with prevailing neo-liberal norms. Blond's 'Red Tory' agenda has received considerable coverage in the press and he briefly headed up the Progressive Conservative project for Demos before striking out to establish his own think tank, ResPublica (Hector, 2009; Long, 2009). Blond's thesis identifies the key challenges facing the UK today as arising out of a post war liberal consensus, the persistence of class conflict and the dominance of monopolistic and speculative practices that operate under the auspices of free market modernity. In Blond's reading of history the 65 years since 1945 can be divided into two periods. The first period Blond defines as the 'Welfare State', consisting of Keynesian economic policy, corporatism and the centralised state. The advent of the Conservative victory in 1979 closed the door on this period and ushered in what Blond terms the 'Market State'. An era marked by the dismantling of state monopolies, the ascendancy of neo-liberalism - the emergence of private monopolies in the economy and the crowding out of small business and opportunities for ownership (Blond, 2009a; 2009b; 2009c). The issue of ensuring the poor and citizens more widely have access to and/or ownership of an asset is a recurring theme in contemporary progressive conservatism. Both Blond and the Progressive Conservative project at Demos see the provision of assets as a key means by which the reliance of the poor on state welfare and/or low paid wages can be diminished (Wind-Cowie, 2009), and it is an issue to which I return below.

Central to Blond's conservative critique is that the Welfare State and the Market State are both liberal constructs. For Blond, liberalism is responsible for first disrupting and then undermining the traditional intermediary structures of social and economic life, such as religion, family and civic associations, creating an atomised society (Blond, 2008). The freedoms brought about by the liberation movements of the 1960s and 70s and accompanying social reform have, in this view, undermined morality amongst the middle and working class, while the post war welfare state has undermined the independence and mutualist aspects of working class self reliance and organisation. The longer term consequences of these developments are said to have been the creation of a moral relativism, the undermining of the family, and the development of state dependency and the seedbed for the Thatcherite reforms during the 1980s that emphasised self interest (Blond, 2009a; Blond, 2008). Key features of this critique are a recurring theme in conservative approaches to the welfare state (see Prideaux, 2009) and which tend to emphasise the reciprocal obligations of the poor over their access to welfare as an entitlement of citizenship (Fitzpatrick, 2005: 16). What is most striking about Red Toryism is that Blond's assault moves beyond a focus on the welfare state to critique the rise of a pervasive neo-liberalism in economics and politics and its concentration of power in the hands of fewer and fewer organisations. In doing so it departs from the reflexive defence of free market reforms that characterise both the Cameron Conservatives and earlier advocates of a modernised Conservatism (Willets, 1992).

*'The great paradox of the neo-liberal account of free markets that has dominated discussion and determined practice and indeed economic reality for the past thirty years is that in the name of free markets the neo-liberal approach has presided over an unprecedented reduction of market diversity and plurality. It has reduced the type of provision available and the numbers of providers. In the name of freedom we have produced economic concentration and in a number of areas monopoly dominance or indeed something very much like it' (Blond, 2009c: 2).*

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<sup>1</sup> The term Red Tory has been used for some time in Canadian politics to refer to Conservatism that rejects radical change and disruption in favour of gradual incrementalism, a commitment to society as an existing entity

*‘What conservatives forget, or seem unable to acknowledge, is quite how damaging an entirely individualist economy is to society. A rootless market that focuses only on a profit that it subsequently off shores, is outside of cost efficiency wholly indifferent to how, or where this surplus is produced. An economy so construed disregards all other relationships and in the end undermines productivity innovation and indeed society itself’* (Blond, 2008: 85).

Given the enthusiastic embrace of economic liberalisation by New Labour and previous Conservative administrations this places a key part of Blond’s critique outside the mainstream of political discussion. The Red Tory solution proposed is for a civil state and remoralised market embedded in a society of citizens associating freely in groups, balancing the expression of individual and collective interest to replace the ‘failures’ and atomisation of the ‘Welfare State’ and the ‘Market State’. For this to be achieved Blond argues that steps need to be taken to reanimate the working class tradition of autonomous organisation as a means to foster reciprocity within communities and achieve empowerment through responsibility and self-reliance. One social security reform cited by Blond as desirable is the Community Allowance (CA) (Blond, 2009d) favoured by the Create Consortium (2010). A CA would permit unemployed benefit recipients to earn a limited sum of money (higher than at present) on top of their benefit by working part time on work designated as ‘useful’ by local community without losing access to benefit. The CA aligns neatly with the Red Tory agenda of placing wealth directly into the hands of the poor whilst empowering local communities. The CA though would weaken the demarcation in the benefits system between being in paid work and being out of work and the link between activities regarded as legitimate for receiving out of work support and those increasingly regarded as illegitimate reasons of economic inactivity, such as caring for older children. One outcome of the CA in low income communities lacking paid employment opportunities in the formal economy might be to indeed be the empowerment of individuals and improvement of the local environment. Yet the very act of enabling individuals to engage in strictly non commercial activity supported by the state carries risks for the contemporary neo-liberal paternalist state. In facilitating community identification of what constitutes important work it diminishes the state’s ability to frame what constitutes legitimate activity. This carries the risk of undermining labour market discipline which much social security and employment policy has been concerned with buttressing (see Grover, 2009; Grover and Stewart, 2002).

Blond also favours giving citizens and public sector workers the power to take over public services currently delivered by the state. Subject to meeting certain requirements these would now be run as social enterprises<sup>2</sup>. Citizen run services would give local communities the opportunity to operate the services themselves or act as commissioners, with the anticipated result of eliminating many of the hierarchical and centralising tendencies of existing welfare provision. A similar case for asset building and the expansion of employee ownership and for greater employee input into the running of public services has been made by the Progressive Conservatism project at Demos who argue that ownership gives people a provides stake in the community and fosters democratic engagement (Wind-Cowie et al, 2009: 12). The empowerment of the poor then is a means through which responsibility and self reliance can be embedded more firmly than might be possible simply through moving individuals into low paid insecure employment where they often remain reliant on in-work state support. The remoralisation of the market is the second element of the Red Tory agenda and begins with

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<sup>2</sup> The ownership and control of public services has been expanded upon by Blond in a pamphlet for Respublica called *The Ownership State*.

the argument that it is the existence of a neo-liberal approach to markets that requires a strong state, because in the absence of any wider set of values other than self interest, the actions of the strong must be restrained. In contrast, Blond favours capitalism based on the somewhat nebulous notion of the civic economy, which will facilitate trust, reciprocity and sustainability, thereby becoming self regulating and in need of minimal state intervention with the potential for long term investment (Blond, 2009a; 2009b; 2009c).

Elements of the critique and policy solutions advanced by Blond's Red Toryism and the Progressive Conservatism project at Demos do find echo in Conservative Party rhetoric and policy. David Cameron has suggested that part of the explanation for recent market failure is to be found in the absence of a moral framework and the risk that globalisation and liberalisation has led in part to monopolisation and inequality.

*'So it's time to place the market within a moral framework – even if that means standing up to companies who make life harder for parents and families. It's time to help create vibrant, local economies – even if that means standing in the way of global cultural juggernauts. And it's time to spread opportunity and wealth and ownership more equally through society and that will mean, as some have put it, recapitalising the poor rather than just the banks'* (David Cameron, speech to the World Economic Forum at Davos, 2009).

The Conservative Party has also floated the idea that public sector employees should be given the option to form employee owned co-operatives, including those working in organisations such as Jobcentre Plus, providing they can demonstrate a more cost-efficient service (Stratton and Sparrow, 2010). The desire of Red Toryism and the Coalition Government to shrink state involvement in the delivery of welfare suggests common ground here between the more theoretical abstractions of Blond and the policy prescriptions of the Cameron led administration. Yet such developments may just as easily intensify market rationality and expand market penetration by established large scale private sector organisations with the concomitant danger of monopoly that Blond warns against. Any cooperative, for example, formed by staff would likely be governed by a payment by results contract that would be subject to competitive tendering in the open market upon renewal (Conservative Party, 2010b: 5). Such a development would allow the state to gradually withdraw from areas where it currently dominates, such as the services provided to the recently unemployed and other working age clients by Jobcentre Plus, and shift firmly into the role of purchaser not provider.

That such policy change might not deliver the rise in civic activity envisioned by Red Toryism or curb the perceived excesses of economic liberalism is not problematic for the Conservative Party and Coalition Government as neither is committed to the radical break with the liberal consensus advocated by Blond. Indeed Red Toryism functions as merely one tributary to the river of Conservative Party renewal and its broad prescriptions for addressing social problems often diverge from the policy approach of the Conservative Party itself (see Table 1).

**Table 1. Key Conservative Party and Red Tory approaches to welfare reform**

	Cameron’s Conservative Party	Red Toryism
Political	<p>Individual as rational utility maximiser requires modification of incentives in social security.</p> <p>Favours coercive ‘help &amp; hassle’ to encourage responsablisation and self reliance.</p> <p>Marketisation and voluntarism as framework for policy decision making.</p>	<p>Accepts individual rational actor model but wants break with individualist economic and social liberalism.</p> <p>Favours greater self and community reliance.</p> <p>Localisation and community empowerment</p>
Intellectual	<p>Adherence to key tenets of neo-liberalism.</p> <p>Favour monetary policy over fiscal policy in response to recession along with retrenchment of state activity and liberalisation of public sector provision.</p> <p>Supply side reform to foster participation in formal labour market.</p>	<p>Anti-neo-liberal.</p> <p>Favours civic economy with protection for small industry and anti-monopolisation.</p> <p>Social security to allow claimants to work on community designated projects without losing benefit (Community Allowance). Widens scope of acceptable activity beyond formal labour market.</p>
Bureaucratic	<p>Marketisation, privatisation, outcome orientated performance contracts.</p>	<p>Emphasis on civic association and co-operatives with rust &amp; reciprocity rather than contracts and targets guiding behaviour and delivery.</p>

**Reform of welfare to work: activating the feckless?**

Blond’s critique of the disempowering affect the post war welfare state has had on working class independence and responsibility echoes wider Conservative critiques of the state and publicly provided welfare provision. David Cameron’s Conservatives have championed the notion that a ‘big society’, of individuals and communities is required to act together to tackle Britain’s ‘broken society’ and supplant the role played by the state (Crisp et al, 2009; Evans, 2008: 299). In this vision it is the supposedly state response to social problems that has exacerbated worklessness, poverty and welfare dependency, by crowding out individual and community reliance and responsibility. As Prideaux (2009) notes, the underclass and dependency culture thesis associated with Charles Murray resonate with the contemporary welfare reform ideas of both the Conservative Party and their New Labour predecessors. This is perhaps not surprising given that reform of UK welfare and its accompanying political rhetoric has often drawn on ideas and developments from the United States (Dolowitz, 1997; Walker and Wiseman, 2003: 109; Daguerra, 2004). The increasing reliance within the UK on a coercive paternalism to activate the unemployed and economically inactive suggests that welfare reform policy has aligned itself with the arguments, advanced by those such as the US academic Lawrence Mead, that the principle obstacle to increased employment participation amongst the poor is the attitude, behaviour and competency of the poor themselves. The problem of worklessness for Mead can be located primarily in a breakdown in the work discipline of the poor and the gap between their stated values and desire to work and their capacity to do so (Mead, 1997: 24). Where jobs are available many of the

unemployed, despite their avowed desire to engage in paid work, are simply unwilling or unable to meet the demands of employers and the structure of the working environment. In these circumstances even where poor men are able to obtain jobs Mead suggest that a lack of acquaintance with basic expectations of the working environment means they find it difficult to sustain them. Yet for Mead, participation in the formal labour market is about more than income; it is also an act that is necessary for conferring dignity, responsibility and citizenship and acts as recognition of individuals' reciprocal relationship to wider society. The solution for policy makers and politicians must be a combination of 'help and hassle' (Mead, 1997: 61) grounded in intensification of personalised support (and monitoring of client behaviour) from welfare advisors, but most importantly through an emphasis on greater mandated activation and threat of sanction to instil and maintain work discipline amongst the non-working poor (Mead, 2007).

Elements of the help and hassle approach have long been evident in the UK system of welfare to work and the Conservative Party clearly intend to intensify this. Prior to the 2010 general election three principals were set out by the Conservative's as underpinning their welfare reform proposals.

1. *If you are able to work there will be no automatic out of work benefits.*
2. *If you are out of work, we will do everything we can to help you back into work.*
3. *If you are medically unable to work then we will give you the help you need.*

(Conservative Party, 2008: 22)

The phrase used in the *Work for Welfare* policy green paper; 'respect for those who cannot work' and 'employment for those who can' (Conservative Party, 2008: 7) is reminiscent of New Labour's 'work for those who can, security for those who cannot'. Both phrases seek to separate out 'deserving' claimants from the 'undeserving' and are entirely consistent with social security and unemployment policy geared to increasing labour market discipline. The new Secretary of State for Work and Pensions, Ian Duncan Smith, has for example stated that perverse incentives within the benefit system discourages employment, fails to address poverty, embeds dependency and diminishes personal responsibility (Duncan-Smith, 2010: 4). After being ejected as leader of the Conservative Party in 2003, Ian Duncan Smith established the Centre for Social Justice (CSJ) think-tank to research issues around poverty, worklessness, welfare, family breakdown and crime. Since its inception the CSJ has produced detailed and voluminous reports on a range of issues in these areas. Key arguments made by the CSJ are that the social security and welfare to work system is poor at instilling work expectations amongst claimants, is weak in the application of conditionality, financially penalises two parent families in comparison to lone parents, contributes to family and societal breakdown and actively discourages employment through high marginal withdrawal rates within the benefits system (Centre for Social Justice, 2007: 5; Centre for Social Justice, 2009). Such concerns now find themselves reflected in Coalition Government announcements, with Duncan-Smith stating that there five pathways to poverty and a cycle of dependency; family breakdown, educational failure, addiction, debt and worklessness. The welfare reform discussion that is developing under Duncan-Smith acknowledges there are technical and practical issues concerning the operation and complexity of the benefits system that affects individual barriers to employment. It is cultural change however that is seen as posing the largest challenge to achieving reduced poverty and improvements in employment through welfare reform by the Government. The welfare state far from protecting people is understood to have discouraged people from acting responsibly which, in the sphere of paid work, will necessitate the application of benefit cuts and sanctions to those who do not

willingly engage in job seeking in order to affect behavioural change (Duncan-Smith, 2010: 3).

The emphasis remains then, firmly on supply side measures to address unemployment and low income. The Conservative Party studiously avoided in pre-election documents; *Work for Welfare* (Conservative Party, 2008) and *Getting Britain Working* (Conservative Party, 2009) any mention of the role played by poor regional and local economic performance in structuring benefit receipt and employment opportunities (Theodore, 2007: 933). A key component of Coalition Government welfare reform policy is a version of the active labour market reforms known as the *Work Programme* outlined in *Getting Britain Working* by the Conservative Party and included in their manifesto (Conservative Party, 2010c: 15). The Work Programme is presented as a holistic integrated welfare to work initiative at the core of welfare reform. It is intended to replace all existing labour market programmes in Great Britain, including Flexible New Deal and Pathways to Work. Recipients of out of work benefits, such as Employment and Support Allowance and Jobseeker's Allowance, will now be enrolled in the Work Programme. Support and conditionality will be linked to recipients distance from the labour market, so for example those with recent paid work experience may not be referred to the Work Programme until 12 months after they begin a claim for JSA. For young people aged 16-24 however, referral is likely to take place after six months. For those with multiple barriers to employment, such as the long term unemployed and former recipients of Incapacity Benefit, participation in the Work Programme may be required even earlier (Conservative Party, 2009: 29).

Included in the 2008 Tory paper on welfare reform were plans to ensure that everyone referred by Jobcentre Plus to a provider will be expected to take part in their programme or be subject to sanction for non participation, potentially including loss of all benefit. Refusing a reasonable job offer as defined by government guidelines would result in loss of benefit for a month, with a second refusal resulting in the loss of three months benefit, and a third refusal resulting in exclusion from receipt of out of work benefits for three years. It has also been floated that any claimant passing through the system and claiming Jobseeker's Allowance for longer than two of the previous three years could be required to join a long term community work scheme to continue to receive benefit payment (Conservative Party, 2008: 31).

*"There will be a time limit for out of work benefit claims so people who claim for more than two years out of three will be required to participate in community work programmes. These will be enhanced in areas of high dependency"* (Grayling, 2008: 11).

Recommendations made by the Centre for Social Justice and accepted in principle by the Conservative Party (Conservative Party, 2008a: 34) also suggest the possibility of greater work expectations being placed on lone parents. Under these proposals lone parents with children at primary school should be in paid work for at least 20 hours per week, and that parents with children at secondary school should be expected to work for at least 30 hours per week (Centre for Social Justice, 2007: 8). Given that the Conservative's appear to be driving Coalition Government welfare policy it can be expected that many of these reforms will feature in future welfare bills.

Cameron's interest in social justice has, as Evans (2010: 3) notes, always been teamed with an emphasis on the role of individual responsibility and anti-statism, reflecting the political tensions between maintaining a link with Thatcherism and the objective of bringing the party closer to the political centre. The advent of the financial crisis has presented the Conservative

Party leadership with an opportunity to press for the need to reduce public borrowing and expenditure and to reorganise and restructure social policy so that it further complements market mechanisms. A failure to address borrowing will precipitate, it is said, a financial crisis as the market loses faith in the UK Government and investors choose to boycott UK Government bonds. Previous statements that the Conservative's would seek to ensure investment in and protection of, public services has been replaced by the mantra of austerity and the importance of rethinking the role of the state (Evans, 2010: 13).

Once again we are witnessing the harnessing of economic prescriptions concerning the size and scope of the state with populist shifts in social policy (Gough 1983: 154). Proposed welfare reforms are now easily contextualised within the familiar narrative that there is no alternative, as to do nothing about welfare is simply unaffordable (Duncan-Smith, 2010). By shifting to a more punitive form of social security, benefit expenditure may be contained whilst populist notions about the prevalence of benefit cheats and the undeserving poor are reinforced. The advantage of doing so is to diminish social security as collective provision grounded in citizenship and need in favour of policies more closely geared to the fostering of individualism and market rationality. Any introduction of time limited benefits and/or workfare will also minimise the ability of the labour force to avoid poorly paid, low skilled employment by weakening their capacity to exist outside of the labour market. The consequence of this state activation and direction of labour will be to facilitate an increase in the labour supply and maintain a deflationary pressure on market wages at the same time as reduction in public spending bear down on what used to be referred to as the 'social wage' (Gough, 1983). Not only are the goals of employment and social security policy reshaped to align more closely with the market, but so are the means through which this will be achieved.

### **Unleashing market forces**

Building on existing New Labour's presumption of private and third sector superiority under New Labour (Davies, 2007; Grover, 2009) the Coalition Government propose an expansion of the market in employment service provision. Market rationality will also be strengthened by a stronger payment by results system of contracting that rewards providers more firmly on the basis of client employment outcome performance. The assumption is that Jobcentre Plus services in Britain compare poorly in terms of efficiency and effectiveness with comparable private sector providers and should therefore reduce its role in programme delivery (Conservative Party, 2009: 20). Yet the move to outcome orientated payment systems often means less assistance is given to those with the greatest barriers to employment and this appears to be a greater problem with delivery by contracted providers (Davies, 2007: 152). Also it is somewhat questionable whether private and third sector providers, when compared to Jobcentre Plus, demonstrate superior performance. Evaluation by the National Audit Office of the performance of the Pathways to Work active labour market scheme for those on key sickness and disability benefits cast doubt not only on the effectiveness of the scheme as a whole, but also highlighted that Jobcentre Plus led areas had been more effective at moving people into employment than provider led area. Earlier research into the operation of the largely private sector Provider Led Pathways to Work areas shows that in order to realise financial gains in a labour market shaped by severe economic recession service providers focused resources on those closest to the labour market, creaming off the job ready and 'parking' harder to help clients, as providers have sought (Hudson *et al*, 2010: 57). It is difficult to avoid the conclusion that reforms proposed by the Coalition Government are not driven by a dispassionate assessment of the advantages and disadvantages of contestability in return to work services. Underpinned by ideological commitments to market rationality and

coercive paternalism designed to maintain a flow of labour into service providers and the labour market a desire exists to apply market liberalisation. This provides growing opportunities for companies to profit from the commodification of inactive labour as trade between service providers and businesses in the wider economy takes place (Grover, 2009: 488).

Whilst it may be argued that providers will only be rewarded for achieving employment outcomes, this will be weighed against the need to maintain a viable market. Private and third sector providers cannot remain within the market if the risk is bankruptcy. Under the proposed contracting system for the Work Programme the Conservatives envisage that clients with greater needs and barriers to employment will attract a higher reward payment for a private or third sector provider securing job entry and retention. The aim is for the contracting system to make 80 percent of payments dependent upon outcomes and 20 percent paid as a process payment that simply recognises enrolment of clients. This contrast with New Labour's Flexible New Deal practice, which awarded 60 percent outcome to 40 percent process split. It must be remembered though that New Labour originally intended Flexible New Deal funding arrangements to reflect an 80/20 percent split as is favoured by the Tories (Work and Pensions Select Committee, 2009). That this did not occur for Phase one of Flexible New Deal reflects the challenges posed by the recession and the concomitant protests from employment service providers themselves. Persisting with such a funding arrangement during the economic crisis risked undermining their business model.

Under Flexible New Deal an outcome is judged as a job maintained for 26 weeks out of 30. Under the Work Programme the Conservatives state that providers will receive the majority of outcome payments for sustaining client employment for at least a year. Providers will also be expected to deliver in-work support and advice for up to three years to participating clients in order to help the client overcome work related problems that may lead to cycling between out of work benefits and paid work (Conservative Party, 2009: 31). The extended duration of provider responsibility for client job outcomes promises greater assistance for clients to secure stable and suitable employment, but it may simply increase arms length supervision of client employment activity. Providers will have a direct financial stake in 'hassling' clients to take up and/or maintain any employment over the time they are responsible for the client as much as they will have in finding them the most appropriate job. The implementation of the Stricter Benefit Regime in the 1990s was affected by the decisions of 'street level bureaucrats' not to implement certain requirements or sanctions where clients were faced with poor employment opportunities (Blackmore, 2001). The shift to a contracted out payment by results system circumvents existing public bureaucracies and gives incentives for frontline and managerial staff within provider organisations to deploy the 'help and hassle' that accords with Government behavioural explanations of unemployment.

The debate between the main political parties at Westminster on welfare to work essentially revolves around how supply side labour market schemes can be improved. The debates concern with the exact form that marketisation and contracting arrangements should take is indicative of a pervasive neo-liberal 'common sense', which begins with the presumption that greater opportunities for the private sector to run active labour market programmes will lead to improved efficiency, economy and effectiveness.

The reduction of public sector dominance in employment programme provision might be presented as a step toward the breaking of state centralisation and monopoly and promotion of civil society organisations. Large private sector providers however dominate the UK

welfare to work market as shown in the allocation of Phase one Flexible New Deal contracts. Of the fourteen organisations contracted to deliver services twelve were drawn from the private sector with one from the third sector and one from the public sector (see table 2.). The current market share enjoyed by the private sector in delivery programmes is likely to continue as limiting the number of return to work service providers improves the stability of the market and offers the Coalition Government economies of scale, albeit at the cost of competition and innovation. Initial indications are that the Government is seeking a relatively small number of ‘well capitalised and well resourced’ groups to function as ‘prime’ contractors to lead on delivery in larger geographic areas than previously (Freud, 2010; Barker and Timmins, 2010). Smaller more niche third sector providers may be subcontracted in, but will have limited ability to lead the shaping of delivery and face financial instability as primes seek to maximise profits and pass on financial risk.

**Table 2. Phase one Flexible New Deal Providers<sup>3</sup>**

<b>Contractor</b>	<b>Sector</b>
A4E	Private
Max Employment UK Ltd	Private
Pertemps People Development Group	Private
Seetec	Private
Serco	Private
TNG	Private
Work Directions	Private
Working Links	Private
Skill Training UK Ltd	Private
Mentor Employment & Skills	Private
Calder Holdings BV	Private
The Wise Group	Third
Remploy	Public

*Source: Department for Work and Pensions, Phase one Flexible New Deal suppliers*  
<http://www.dwp.gov.uk/docs/fnd-phase-1-suppliers.pdf>

Far from reinvigorating society, the expansion of marketisation in the welfare to work sector under the Work Programme looks set to repeat the mistake of replacing a public monopoly with the private monopolistic practice that Blond’s Red Tory thesis identifies, alongside a damaging economic individualism as the flaw of previous Conservative administration’s (Blond, 2009a).

## **Conclusion**

The Conservative Party under David Cameron has sought to subtly distance itself from the negative connotations associated with the Conservative administrations of the 1980s and 90s and move the party closer to the political centre. The leadership have emphasised the party’s comfort with a more tolerant and diverse Britain and stated they are progressive conservatives with willingness to engage with deep seated social problems in society (Cameron, 2009d; 2010; Osborne, 2009) arguing that it is only through the pursuit of conservative means can ‘Britain’s broken society’ be fixed. Echoing many of these themes

<sup>3</sup> The Flexible New Deal operates in England, Wales, and Scotland and is being replaced by the Work Programme. In Northern Ireland the programme Steps to Work is the active labour market scheme.

has been the flourishing, if marginal strand of progressive conservative thinking of Philipp Blond's Red Toryism. Blond's approach also favours self reliance, responsibility and a greater role for civil society and Blond agrees with the thrust of the Broken Britain thesis. Yet Blond is not in thrall to the neo-liberal orthodoxy dominant in British political, economic and social policy since the 1970s and Red Toryism states a desire to transcend the Market State. The welfare reform policies being put in place by the Conservative –Liberal Coalition share Blond's desire to reinvigorate self reliance but the policy thrust diverges substantially from what might follow on from Blond's critique of monopoly capitalism, the economic individualism of neo-liberalism and its consequences. This indicates the limited influence of Red Toryism on conservative modernisation and the result for welfare reform is actually an intensification of the subordination of social policy to the goals of economic policy. Coercive paternalism is favoured to ensure that work discipline is strengthened, individual capacity to exist outside of the labour market is diminished and the act of paid work in the formal economy is given greater recognition as a uniquely worthwhile form of responsible individual behaviour. Through the roll out of the Work Programme such paternalism is combined with growing market opportunities for existing large scale private sector organisations to make profits from activating uncommodified labour. The progressive conservatism outlined by the Conservative Party leadership and transferred into Coalition Government welfare policy owes more to pre-existing preferences for liberal free markets, perceptions regarding the prevalence of a culture of welfare dependency and associated work conducted by Ian Duncan Smith's Centre for Social Justice. As a consequence, Coalition Government welfare reform is less a break with the past than merely the next phase in the evolution of a UK version of the Neo-liberal Paternalist State.

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