

RECIPROCITY, CONDITIONALITY AND WELFARE: THE CASE OF ACTIVE LABOUR MARKET POLICY IN BRITAIN

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This essay presents various possible welfare state policies based on the concept of reciprocity. Some ideas about how to let older workers continue participating in later life are also discussed. But reciprocity included in the so called “active labour market policies” forms the core of the article. Such policies are not necessarily popular among unions and progressives, but much can be done about this if active labour market policies are regarded as policies where “reciprocity” entails that government must provide a qualitative upgrading service, generous benefits and fair opportunities for all. By contrast, policies perceived as pure “workfare”, close to the so-called “Wisconsin” model, fail to meet the standards of reciprocity, since every recipient is conceived as a potential free rider, who must basically be controlled by welfare state officials and forced back to work as soon as possible or face loss of benefits, regardless of upgrading or job availability, or face loss of benefits. The article makes the case for reciprocity in this specific field for two reasons. First, conditionality can deliver higher employment, a better skilled workforce and a clear welfare contract to underpin flexible labour markets. Second, placing conditions on the receipt of benefits imbues the welfare system with a sense of legitimacy that is crucial for maintaining public consent for out-of-work benefits.

Il saggio presenta alcune proposte basate sul concetto di reciprocità. Alcune idee su come utilizzare il lavoro dei più avanzati in età in ambito sociale vengono presentate e argomentate. Ma anche la reciprocità inclusa nelle cosiddette “politiche attive del lavoro” forma il cuore dell’articolo. Queste politiche non sono necessariamente ben accette fra i progressisti e i sindacalisti, ma la cosa può presentarsi diversamente se “reciprocità” implica che il governo, in cambio, garantisca alti livelli di trasferimenti, servizi di apprendimento e pari opportunità per tutti. Al contrario, le politiche di puro *workfare*, o vicine al cosiddetto modello “Wisconsin”, mancano il proprio obiettivo di “reciprocità”, poiché il percettore di servizi per la disoccupazione è concepito come un profittatore del sistema, che deve essere sostanzialmente controllato dalle autorità preposte e costretto al ritorno al lavoro a prescindere da quale sia il grado di aggiornamento ottenuto o il posto di lavoro disponibile. La reciprocità in questo campo particolare viene sostenuta per due ragioni. Primo, può consentire migliore e maggiore occupazione e una forza lavoro meglio addestrata per sostenere un mercato del lavoro assai flessibile. Secondo, grazie a politiche simili, le istituzioni di welfare ricevono maggiore legittimazione, cruciale per mantenere il consenso attorno al welfare per la disoccupazione.

1. INTRODUCTION

The last twenty years have seen the acceleration of a trend across most European countries towards active labour market policies (ALMPs). In the 1970s and 1980s, many governments had responded to rising unemployment either with explicit “job creation” programmes or with measures to reduce the labour supply itself – especially through

encouraging the early retirement of older workers (along with expanded social protection to compensate). The lack of success of these approaches persuaded governments – and organisations such as the OECD – to champion instead a more “active” approach, focused on measures to mobilise the labour force and improve employability (OECD, 1994; 2002).

Active labour market policies generally have two hallmarks – carrots and sticks. On the one hand, they involve the provision of substantial help and support for those out of work – in order to help them to prepare for work, to search for work or to make the transition into work. Indeed, such aspects of employment policy have reached a degree of considerable sophistication in many countries – a million miles away from the simple “labour exchanges” of the early 20th Century. Today, someone claiming Jobseeker’s Allowance in the UK can expect a range of possible services and incentives. These range from personalised advice and help with the job search process, training courses, and guidance on writing a CV, to grants for buying a suit for a job interview, assistance with childcare costs and a range of possible in-work benefits to ensure a financial gain to work.

On the other hand, active labour market policies also usually involve a degree of compulsion and conditionality. In particular, they usually make receipt of benefits conditional on the recipient participating in job search activities or activities to improve their employability. A failure to participate is usually met with benefit sanctions, whether the reduction of benefits or their removal altogether. In the UK as elsewhere, there has been an increasing emphasis on this dimension of ALMP in recent years, with stricter conditions and heavier requirements placed on claimants in many cases (Clasen, Clegg, 2007).

Of course, the conditionality associated with ALMPs – where entitlement to support is linked to current participation in a programme of activity – is only one type of conditionality in welfare policy (if perhaps the paradigmatic type); other types of conditionality are possible too. Another option is linking entitlement to past behaviour, such as prior work history or – in the case of social insurance schemes in many countries – to the prior volume of financial contributions.

But what all these different types of conditionality have in common are that they are ways of enshrining a sense of *reciprocity* within the welfare system – of ensuring that entitlements to receive are balanced by requirements to contribute. They are a central part of the contract between individuals and the state, mediating the distribution of resources through the tax-and-transfer system. The 1997 Labour government, for example, declared an end to the “something-for-nothing” culture of welfare, arguing that the conditionality in their New Deal programme aimed to create a new “something-for-something” culture.

An insistence on reciprocity in welfare policy, and the growth in conditionality associated with ALMPs in particular, has always been, and continues to be, controversial amongst progressives. Claim and counter-claim dominate the debate. Some have argued that conditionality harms claimants, by forcing them to do things that may not be in their long-term interest; others claim, by contrast, that conditionality improves the life chances of claimants, by getting them to take up opportunities available to them. Some claim that conditionality is demeaning, returning welfare to the politics of the workhouse; others claim that conditionality actually fosters a sense of dignity, preventing welfare from being just a form of charitable hand-out.

Perhaps just as strikingly, however, many of the arguments put forward for conditionality, and for ALMP more generally, are not grounded in arguments about the welfare of claimants at all, but focus on other factors. Some arguments are specifically economic: that ALMPs

deliver higher employment, a better skilled workforce, and in any case are necessary to underpin flexible labour markets, where mobility between jobs is becoming increasingly common. Others, particularly on the right, advocate welfare conditionality as a mechanism for reducing the welfare rolls – and, with it, the cost of welfare. A third type of argument justifies conditionality as necessary for the public politics of welfare: that placing conditions on the receipt of benefits imbues the welfare system with a sense of legitimacy that is necessary to maintain public consent for out-of-work benefits.

This paper will look at the basic idea of reciprocity in welfare and why it is important, focussing especially on out-of-work benefits and ALMP. This will take us into a discussion of public attitudes to welfare, exploring survey data that shed light on the politics of welfare, and looking at how this politics has unfolded in British postwar welfare history.

In the second section of the paper, we try to untangle the range of motivations that lie behind different conditionality agendas, discussing how different approaches are likely to be helpful or harmful to the well-being of claimants. Finally, we look at what the idea of fair reciprocity means for the responsibilities of government in tackling inequality and disadvantage – and explore what this might mean in the context of the activation of elderly workers, an emerging debate across all European welfare states.

2. WHY RECIPROCITY MATTERS

An insistence on reciprocity in welfare – and the growth in conditionality in particular – has often been controversial for progressives, especially those who prefer to view entitlement to welfare as a right of citizenship. But, where true, such controversy has probably been grounded in suspicions about the motivations of contemporary policymakers; for it certainly doesn't reflect an adherence to the sentiments of the historical founders of the welfare state. Very few thinkers in UK welfare history have actually been in favour of unfettered welfare "rights"; the major characters who influenced, or were associated with, the formation of the post-war welfare state in Britain – such as William Beveridge and T. H. Marshall – were all supporters of welfare conditionality. For example, in his famous 1942 report *Social Insurance and Allied Services*, which formed the basis of the UK's postwar welfare state, Beveridge declared that «[The] correlative of the State's undertaking to ensure adequate benefit for unavoidable interruption of earnings, however long, is enforcement of the citizen's obligation to seek and accept all reasonable opportunities of work [and] to cooperate in all measures designed to save him from habituation to idleness» (Beveridge, 1942).

Why does reciprocity matter in welfare? Policymakers' interest in reciprocity could be normative, practical or strategic. In this section, we look at each of these possible motivations, an analysis that we will use in later sections to evaluate different welfare programmes and reforms.

2.1. Normative arguments for reciprocity

Many would argue that the requirement of reciprocity in welfare policy is necessary to ensure fairness. This is because "free riding" – claiming a share of the fruits of others' labour without the intention of contributing back – is morally objectionable.

First of all, free riding is exploitative, resulting in an unfair distribution of benefits and burdens. If, say, 50,000 people in the UK who could work instead decide unreasonably

that, rather than returning to work after three months, they will remain out of work for 15 months, the additional cost to the exchequer from Jobseeker's Allowance alone would be £ 170 million – money that could instead have been used to tackle child poverty.

But, of course, reciprocity works both ways. As well as ensuring that all individuals receiving benefits make a contribution back in return, reciprocity also requires, conversely, that existing contributions to society from which others benefit are properly recognised and rewarded. Today, it is estimated that individuals in England perform unpaid care work worth about £ 67 billion in value (Moullin, 2007). Taking reciprocity seriously also means better valuing such contributions, including in some cases with more financial support for those making them. Without this, there is a risk of exploitation of the individual by society as a whole. For example, in 2001, economically inactive working-age carers in the UK, who were providing more than 20 hours a week in care, lost a potential £ 5,47 billion in income (nearly three quarters of the estimated costs of substituting that care with formal care services)¹. The same could also be said about the value attached to education, training and research within societies: even solely from an economic perspective, the “spillover benefits” of an educated population are vast and fairness requires that this is recognised in public support for students and researchers.

A second reason why free riding is morally objectionable is that it is disrespectful. Stuart White describes free riding as violating a norm of “mutually respectful regard” for one another: to take advantage of the cooperative endeavours of others without making a reasonable effort to ensure they are not burdened by your membership of the community is to treat them in an offensively instrumental way (White, 2003).

There is an important caveat to enter here, however. Treating reciprocity as a requirement of fairness or justice presupposes a baseline of equal opportunity against which to evaluate behaviour. What we expect of individuals should be sensitive to the options available to them and to their capability of taking up those options. But, of course, equal opportunity may well not hold in practice. Critics of welfare conditionality, for example, point out that often individuals who are being required to enter work often do not have an appropriate range of jobs open to them, or that they may be unsuited to the jobs that are available.

It follows that to argue for reciprocity in welfare on the grounds of fairness, it also needs to be the case that government is meeting its own side of the bargain to provide fairer and more equal chances for all – for example, by ensuring all have fair opportunities to develop a decent level of skills, or by regenerating disadvantaged areas to ensure there are a good range of jobs available.

2.2. Practical arguments for reciprocity

Quite aside from issues of fairness and justice, it could also be the case that requiring individuals to make a contribution is a good idea in practice for improving welfare outcomes.

The normative arguments outlined above are really about enforcing one individual's responsibility to others *for the benefit of others* – that is, to ensure the individual does not

¹ Moullin estimates that almost a third of economically inactive carers experience relative poverty. See Moullin (2007).

free-ride upon them. But there is also an argument that enforcing the requirement for an individual to make a contribution *is of benefit to the individual themselves*, by improving their chances in life.

This is a paternalistic argument (often associated with political theorists like Lawrence Mead, 1986). But, while controversial, it has some validity. One advantage of enforcing the requirement to make a contribution is that it can benefit individuals who would otherwise be unmotivated or who would not otherwise engage in activity that could be beneficial to their future life prospects. In requiring them to take up opportunities that they would otherwise not, conditionality and compulsion can therefore actually be important drivers of equality of opportunity (White, 2003). Furthermore, by requiring individuals to maintain contact with the labour market, such requirements can prevent the disconnection from work that evidence shows can greatly impair future employment outcomes. This is especially the case for “softer” forms of conditionality, such as a requirement to attend work-focused interviews in return for receiving benefits: evidence suggests this can be successful in increasing self-confidence and optimism about future work, motivating individuals to think actively about seeking work, and motivating individuals to undertake training (Gregg, 2008).

Again, there is a caveat to be entered here. For this argument to be made credibly, the purported future benefits to the individual should correspond at some level with their own life preferences and plans. And there is also clearly a need to balance the advantages of conditionality listed here against the potential harms to individuals that can result from the enforcement of conditions. But, these things accepted, there is a legitimate argument that reciprocity and conditionality are instrumentally important for improving life chances.

2.3. *Strategic arguments for reciprocity*

Another way in which a requirement of reciprocity may be instrumentally important for the success of welfare is by helping to foster and maintain public support for welfare programmes².

If reciprocity is felt to be a requirement of fairness, it follows that welfare programmes which are felt to violate the terms of reciprocity will arouse public opposition, with detrimental consequences for voters’ willingness to contribute to those programmes through taxation and with it the ability of governments to sustain generous provision through those programmes. Specifically, the perception that recipients of welfare are “freeloaders” can lead to support for either welfare retrenchment or reactionary behavioural regulation which may harm vulnerable claimants. So reciprocity is necessary to create a sense of public legitimacy about welfare that is ultimately needed for a decent welfare state.

This issue is ultimately about the way in which welfare programmes portray the recipients of welfare. Are they participating or failing to participate? Are they deserving or not? Are they receiving welfare for being full members of society or for falling short of full membership? And so on.

David Miller has set out how the distributive principles by which goods and services are allocated impose a particular character onto the social relations between individuals

² In fact, this is not unrelated to the normative arguments for reciprocity outlined earlier, to the extent that public attitudes are aggregate measure of individuals’ own views about welfare, including presumably their own views of what is fair.

(Miller, 1999). For example, allocation by desert implies competitive relations between individuals, while equal allocation emphasises common identity and equal social status. Importantly, need-based allocation can sometimes imply sympathetic or solidaristic relations, but can also have a potentially distancing quality (emphasising the ways in which recipients differ from contributors). In turn, perceptions of the type of relations that exist between individuals can alter attitudes about the appropriate way of sharing resources among a group. Social psychologists have often noted that the way in which people prefer to allocate resources in group settings depends on the character of the group in question; for example, experiments show that the experience of working cooperatively helps to shift people from supporting allocation by desert towards greater support for equal allocation (Deutsch, 1985; Tornblom, Jonsson, 1987). In the same way, how welfare programmes cast the social relations between recipients and everyone else is of paramount importance in determining whether or not people think they are fair.

Here, it is important to emphasise that the way in which welfare programmes portray recipients is more than simply an issue of public support for policy. How recipients are viewed by their fellow citizens is of profound importance for their own self-esteem, quality of life and treatment at the hands of others. Negative judgements about those receiving welfare can directly affect claimants through stigma and discrimination. For example, when social housing is spatially segregated and stigmatised, tenants can face “postcode discrimination”, where job applications are “filtered out” based on area (Crisp, Fletcher, 2008).

So welfare programmes actually do their beneficiaries a great disservice if they fail to cultivate the perception that the system is fair. That is why reciprocity is also strategically important for advocates of a generous welfare state.

3. MORE ON PUBLIC ATTITUDES ABOUT FAIRNESS IN WELFARE

The crucial role of public attitudes in making redistributive welfare programmes politically possible should make this strategic dimension of reciprocity especially important for progressive reformers. After all, sustaining generous welfare states over long timescales requires the support of electorates. Harnessing public perceptions of fairness therefore becomes a legitimate objective of policy design.

In this section, we look in a little more detail at the public politics of welfare, and the importance of reciprocity in sustaining public support for policy.

3.1. The importance of perceived reciprocity in public support for welfare

Anyone looking at public attitudes to welfare usually finds themselves faced with something of a paradox. On the one hand, a majority of people express concerns about income inequality and support for the *idea* of redistribution; on the other hand, a majority of people express opposition to important welfare benefits.

For example, in the regular series of British Social Attitudes Surveys, over 70% of people in the UK consistently agree with the statement that «the gap between those with high incomes and those with low incomes is too large», while over 90% of people favour tax and benefit policies whose overall effects are redistributive (either proportional or progressive taxation in combination with flat-rate or means-tested benefits) (Sefton, 2005). However, in our recent survey, just 24% of people agreed with the statement that

«government should spend more on benefits for the poor, even if it leads to higher taxes for everyone else» (with 49% disagreeing) (Bamfield, Horton, 2009). And this is a pattern that is often seen in a variety of contexts: strong support for the *principles* of redistributive welfare policy, but strong opposition to redistributive welfare policies *in practice*.

What lies behind this apparent contradiction? Public attitudes research conducted by the Fabian Society in 2009 for our book *The Solidarity Society* identified one central factor that underpins opposition to welfare policy: a strong belief that the primary beneficiaries of welfare policy (those in poverty or those receiving benefits) do not deserve the support they get – a belief which then feeds through into a judgement that the underlying policies which support them are therefore unfair (Horton, Gregory, 2009). Specifically, we found a strong belief that *those claiming out-of-work benefits would not necessarily go on to make a reciprocal contribution back to society*.

For example, in testing the relationship between support for (or opposition to) redistributive welfare and a range of underlying beliefs, we found the strongest association was with the belief that «most people who receive benefits now will make a contribution back to society in the future, through activities like employment or caring for others» (Bamfield, Horton, 2009). Specifically, as the table 1 illustrates, of those agreeing that «most people who receive benefits now will make a contribution back to society in the future, through activities like employment or caring for others», 49% agreed that «government should spend more on benefits for the poor, even if it leads to higher taxes for everyone else» (with 27% disagreeing). By contrast, of those disagreeing that «most people who receive benefits now will make a contribution back to society in the future, through activities like employment or caring for others», just 11% agreed that «government should spend more on benefits for the poor, even if it leads to higher taxes for everyone else» (with 72% disagreeing).

Table 1. Public opinion on social benefits

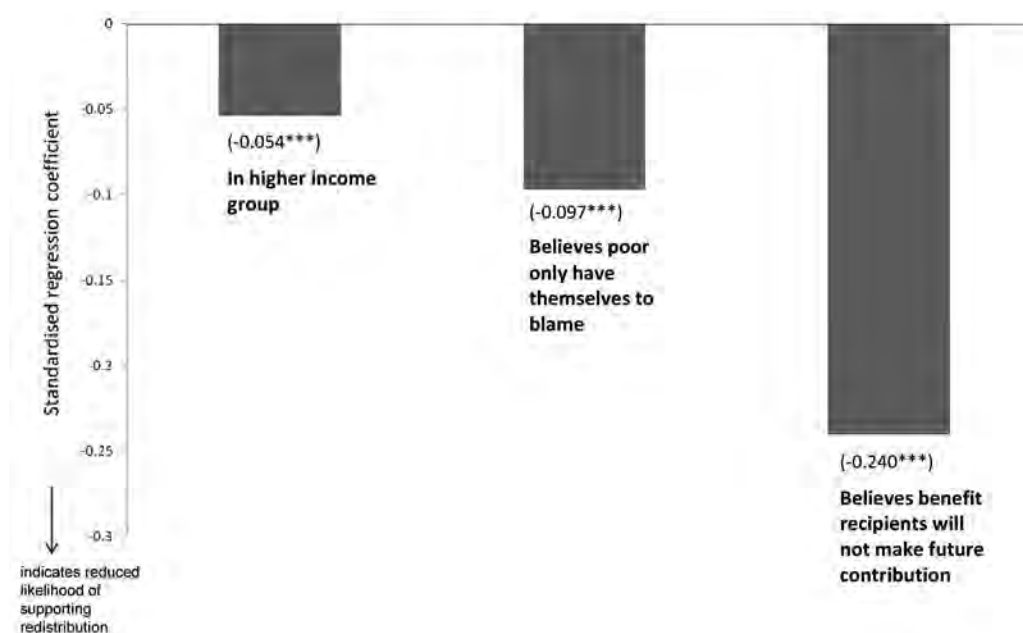
	Agree %	Disagree %	Net agree (agree-disagree) %
The government should spend more on benefits for the poor, even if it leads to higher taxes for everyone else	24	49	–25
The government should spend more on benefits for the poor, even if it leads to higher taxes for everyone else...			
... of those <i>agreeing</i> that most people on benefits will make a contribution to society in future	49	27	+22
... of those <i>disagreeing</i> that most people on benefits will make a contribution to society in future	11	72	–61

Source: Bamfield, Horton (2009).

Through linear regression models, we investigated the strength with which this belief and others were associated with widely observed opposition to redistributive welfare, along with the possible influence of different demographic factors. The chart in figure 1 shows the effect of three of these (represented by the vertical bars): the income group of respondents,

the belief that «Most of the people normally described as “poor” in Britain today only have themselves to blame for not having a higher income», and the belief that «most people who receive benefits now will make a contribution back to society in future, through activities like employment or caring for others». In each case, the length of each bar is effectively a measure of the magnitude with which this factor reduces support for redistribution³.

Figure 1. Determinants of support for redistribution to those on low incomes: comparing the relative effect of different variables



** = significant at 5% level.

*** = significant at 1% level.

The first bar measures the effect of the income band of the respondent – used here as a proxy for self-interest (since the higher your income, the less likely you would be to benefit personally from «increasing welfare benefits for the poor»). Interestingly, comparing this with the magnitude of the second and third bars shows that self-interest only plays a limited role in driving opposition to redistribution; beliefs and values are more powerful determinants of attitudes to redistribution than self-interest.

Furthermore, a comparison of the second and third bars shows that beliefs about the present and future (what benefit recipients will do now in return for benefits) can

³ Note that these tests only identify a correlation between these factors, not a causal link. However, we picked these beliefs for survey investigation precisely because our deliberative research had suggested that they were causal factors in driving opposition to redistribution.

be more powerful determinants of attitudes than beliefs about the past (whether they were responsible for getting into poverty in the first place). This is important because if opposition to redistribution were primarily driven by attitudes regarding responsibility for past events, it would be harder to do anything about. On the other hand, we *can* do something about public perceptions of what those claiming benefits are currently doing, or will go on to do in future⁴. This suggests that framing welfare policy in a way that gives people more confidence that those receiving benefits now are making (and will go on to make) a contribution back to society could play an important role in fostering support for welfare, a point we shall return to later.

3.2. *Strong reciprocity and the limited role of self-interest*

It is worth emphasising the relatively limited role that self-interest plays in driving attitudes here. Progressives have long worried that apparent public opposition to redistributive welfare stems from narrow middle-class self-interest – and that such self-interest will prove an enduring barrier to significant redistribution. But evidence from a range of disciplines – psychology, economics, sociology and political science – demonstrates that, far from simply worrying about their own payoffs and outcomes in interactions, it turns out that people also care about what *others* gain and lose too (as well as caring about the fairness of the *procedure* that led to the outcome). Such “social” preferences and behaviours are demonstrated by a substantial fraction of the population.

The key property of many of these social preferences and behaviours is that they are reciprocal – predispositions to cooperate with others and to punish (at personal cost if necessary) those who violate the norms of cooperation, even when it is implausible to expect those costs to be recovered at a later date. Perhaps the most famous studies of these preferences and behaviours are experimental “games”, such as the ultimatum game and the public goods game, in which several agents interact within rules that produce particular patterns of costs and benefits (Bowles *et al.*, 2005). While self-interest would predict widespread free-riding, only a fraction of subjects typically behave in a self-regarding manner (around a quarter); some 40-50% of the population exhibit reciprocal behaviours, showing a propensity to cooperate. (A further minority of the population are unconditional altruists – always cooperating and never punishing.) For a review of different attitudes sets within populations (Kahan, 2005).

Interestingly, when subjects in these games are allowed to punish free-riders (by fining them) at a cost to themselves (through paying a fee), significant numbers do (again, contradicting the self-interest hypothesis, which predicts no-one would punish anyone else since it costs them money to do so). Since being fined costs free-riders money, the possibility of punishment induces them to cooperate. The role of a sanctioning mechanism is key here, however: it is this that changes the incentives for those who would otherwise free-ride. In the absence of a sanctioning mechanism, cooperation ends up unravelling in many settings, because just a small number of selfish subjects will induce reciprocators to withdraw their cooperation and start free-riding themselves

⁴The view of contribution or desert evidenced here is a forward-looking, dynamic one, slightly different from the traditional “backward-looking” conception of desert in moral philosophy, where it tends to be based on the evaluation of some past performance (Sher, 1987). For many, what people deserve when it comes to welfare depends on what they will do now and in future (not too dissimilar from the kind of judgements seen in experimental games which emerge from repeated interactions).

(Falk *et al.*, 2003). This is an important reason why conditionality and sanctions can be important in welfare.

Note that some types of apparently reciprocal behaviour can in fact be explained through long-term self-interest, particularly in “repeated interactions” – where repetition creates opportunities for future payback to you or allows for the formation of reputations (making others more likely to cooperate with you in future). Here, apparently non-self-interested behaviours, such as cooperation or costly punishment, could be *strategic*, because they increase the likelihood of benefits accruing to you further down the line. This is indeed the standard account of cooperation in evolutionary biology and economics (Trivers, 1971; Axelrod, Hamilton, 1981). Such reciprocity – cooperation in expectation of future payback – is sometimes called *weak reciprocity*.

However, many reciprocal behaviours cannot be explained in this way – for example, *non-strategic* punishment. In particular, there are many cases where people behave cooperatively or punish others in “one-shot” interactions (where there cannot possibly be any future payback) or in anonymous interactions (which preclude reputation formation). This kind of reciprocity – cooperation without the expectation of future payback – is sometimes called *strong reciprocity*, and constitutes important evidence of other-regarding behaviour motivated by fairness.

Strong reciprocity thus has an important asymmetry: a belief that it is legitimate for people to contribute without necessarily being repaid, combined with a belief that it is *illegitimate* for people to receive without a requirement also for them to contribute. And this is exactly what we see in public attitudes to welfare. In particular, many people *don't* seem to think it's unfair that taxpayers might contribute towards services that they don't use personally. However, people *do* tend think it's unfair that people might benefit from services that they haven't personally contributed towards.

Research by Tom Sefton for the British Social Attitudes Survey found that, across the population as a whole, there was net disagreement with the statement that, «It's not fair that some people pay a lot of money in tax and hardly use the services they pay for» (39 per cent disagreeing and only 32 per cent agreeing), while there was net agreement with the statement that, «It's not right that people benefit from services that they haven't helped to pay for» (with 48 per cent agreeing and just 26 per cent disagreeing). These figures are shown in the table further below (Sefton, 2005).

To explore this further, Sefton analysed the population into three clusters, on the basis of their motivations for supporting or opposing welfare.

- *Samaritans* (29 per cent of the population) believe people are entitled to help because they are in need, which does not depend upon them having contributed or “deserved” help in some other way. Significantly, and contrary to the population as a whole, 67 per cent of this group do *not* think it unfair that some people benefit from services that they haven't helped pay for. (And 71 per cent of this group do not think it unfair that some people pay tax without using services.)
- *Robinson Crusoes* (26 per cent of the population) are less wedded to the welfare state and more resistant to redistribution. Contrary to the predominant view within the population, 75 per cent think it *is* unfair that some people pay tax without using services. (And a huge 91 per cent think it is unfair that some people benefit from services they haven't helped pay for.)
- *Club Members* (45 per cent of the population), on the other hand, demonstrate precisely the asymmetry that is characteristic of strong reciprocity: welfare isn't necessarily

conditional on those paying in getting something back personally, but it is conditional on those who do get something out putting back in again. So (along with Samaritans), Club Members don't think it unfair that some people pay tax without using services. But (along with Robinson Crusoes), Club Members do think it unfair that some people benefit from services that they haven't helped pay for.

On this analysis, Club Members are the locus of strong reciprocity within the population (see table 2): their support for welfare is conditional on recipients having fulfilled their part of the bargain by contributing what they reasonably can⁵.

Table 2. The different mix of attitudes between different groups within the population. As the asymmetry in their attitudes shows, Club Members are strong reciprocators

	Whole population	Samaritans	Club Members	Robinson Crusoes
		(29% of population)	(45% of population)	(26% of population)
Net support for statement: "It's not fair that some people pay a lot of money in tax and hardly use the services they pay for" (% agree – % disagree)	Disagree –7	Disagree –61	Disagree –20	Agree +66
Net support for statement: "It's not right that people benefit from services that they haven't helped to pay for" (% agree – % disagree)	Agree +22	Disagree –54	Agree +28	Agree +89

Source: Sefton (2005).

3.3. Reciprocity as a driver of inclusion and generosity in welfare

Often, reciprocity in welfare, and the conditionality of benefit receipt that accompanies it, can seem an exclusionary phenomenon, creating barriers to potential claimants' receipt of support. Furthermore, an insistence on reciprocity will not necessarily have an equalising effect, since sanctioning an individual who refuses to participate in job search activities without good reason, for example, may well increase hardship. These are important reasons why reciprocity remains a controversial ideal for many progressives – especially those rooted in the tradition of welfare rights.

But it is also worth pointing out that these same reciprocal sentiments can on other occasions be a driver of progressive agendas of inclusion and redistribution.

⁵ Like Robinson Crusoes, Club Members are prepared to distinguish between "deserving" and "undeserving" recipients and are more likely than Samaritans to have concerns about welfare fraud.

First, if a contribution to society is a requirement of welfare entitlement, it also follows that all who are capable of participating have a pathway to entitlement. Immigration is a good example here. In the UK there is considerable public disquiet about immigration and entitlement to welfare. Our own focus group research, however, suggests that what drives this is not concern about immigration *per se*, nor views about race, ethnicity and culture, but rather the fact that the public have in their minds a stereotype of an immigrant who is someone who arrives in the UK and comes straight onto the system of out-of-work benefits (something it is virtually impossible to do) (Bamfield, Horton, 2009). When we presented examples of immigrants who had been working in the UK and asked about the validity of their claim on the welfare state, participants felt that they had a perfectly fair claim.

This is backed up by data from the 2005 British Social Attitudes Survey, which asked people about what kinds of factors might justify *limiting* a person's access to unemployment benefit (Sefton, 2005; table 3). The circumstance in which the largest number of people (78%) thought it right to limit access was if «they were not actively looking for work»; this dwarfed the effect of other factors, including those wanting to limit access if the individual was «not born in Britain, but settled here more than two years ago» (22%) or if the individual «recently came to Britain because they were in danger at home» (21%).

Table 3. Attitudes concerning eligibility for unemployment benefit

Under what circumstances would it be right to limit a person's access to unemployment benefit?	% agree
They were not actively looking for work	78
They had not paid much in taxes because they had been unemployed for a long time	25
They were not born in Britain, but settled here more than two years ago	22
They recently came to Britain because they were in danger at home	21
They had not paid much in taxes because they were bringing up children	9

Source: Sefton (2005).

Second, if making a contribution is the condition for receiving support, it also follows that people will be moved by the case of those who are clearly making a contribution but perceived to be inadequately supported. Thus, we see huge public sympathy for groups like the low paid and carers (since people can see that they are trying), with 81% advocating a higher minimum wage and 85% advocating more financial support for carers. As the table 4 shows (containing results from our survey research), policies which are seen to satisfy the demands of strong reciprocity – even highly redistributive policies – can garner a huge depth of public support (and do so across the political spectrum).

Table 4. Support for a higher minimum wage and more financial support for carers

	All % agree	Conservative supporters % agree	Labour supporters % agree
Higher National Minimum Wage?	81	75	87
More financial support for carers?	85	86	88

Source: Horton, Gregory (2009).

4. THE POLITICS OF RECIPROCITY IN BRITAIN'S POSTWAR WELFARE HISTORY

A brief look at Britain's postwar welfare history shows how these types of public attitudes play out in practice. In particular, it enables us to assess the success and failure of different approaches in terms of the strategic dimension of reciprocity, discussed earlier – namely, the use of reciprocity to foster public support for welfare policy.

Of course, there are different ways of enshrining reciprocity within welfare policy. One possible approach is a requirement to make a suitably fitting contribution in return for drawing on public provision – and perhaps specifically to contribute to the pot of the resources from which individuals draw, via taxation or insurance contributions. Another, perhaps less substantial, approach is simply to attach conditions to receipt of benefits, usually to demonstrate some type of behaviour, such as searching for work or attending interviews.

The Beveridge reforms of the postwar era marked a serious attempt to construct a widely-based social security system based on reciprocity via insurance contributions, one that linked welfare and work together. While building on the introduction of employment insurance in 1911, these reforms represented a more significant cultural shift away from the “charitable” ethos of the Poor Laws than anything which had gone before. In the UK's welfare history, which has always carried the legacy of a residualist welfare model, this constituted a significant assault on the division and stigma that had previously characterised welfare policy. It is therefore worth examining how it played out in practice.

4.1. *The rise and fall of the Beveridge model – 1945-79*

Few policymakers have thought about the perceived public legitimacy of their proposals to quite the same extent as Beveridge did in formulating his plans for social security. Indeed, a major motivation behind his scheme of social insurance was the belief that it would prove more palatable to the public than other possible models. In particular, Beveridge's scheme was one where there was a very clear link between putting into the system and taking out. By linking welfare and work, it enshrined a sense of reciprocity. But in hindsight various features of Beveridge's insurance model proved to be seriously flawed, proving strategically fatal for fostering a sustainable and popular system (Glennister, 2004).

These arose in large part from the structure Beveridge chose for financing the scheme. Beveridge originally envisaged a tight link between the amounts paid in and the benefit levels paid out⁶. Given this, particularly unfortunate was the decision to base the scheme on

⁶ As his famous 1942 report put it: «Insured persons should not feel that income for idleness, however caused, can come from a bottomless purse. [...] Whatever money is required for provision of insurance benefits, so long as they

flat-rate contributions (with everyone having to pay in the same amount regardless of income). This meant that the resulting benefit levels were tied to what the poorest could afford to contribute in the first place, meaning the benefits were for many families inadequate to meet living costs (particularly when housing costs were taken into account).

As a consequence, many of those within the National Insurance system also had to rely on means-tested National Assistance to “top up” their awards. For example, when the state pension was introduced, over 600.000 pensioners had to supplement it with National Assistance (Thane, 2006). Beveridge had originally hoped that his reforms would see means-tested social assistance becoming a smaller part of the welfare state. In fact, it grew: by 1954 there were already 1,8 million claiming some form of National Assistance and this would rise to 4 million in the 1970s (Lowe, 1999).

So increasing numbers of people grew increasingly reliant on a need-based benefit for their social security. And as unemployment grew in the 1970s, so did the numbers on social assistance. Those needing to “top up” their insurance payments were joined by increasing numbers without any insurance. By 1974, the number of unemployed claiming social assistance – by then called “Supplementary Allowance” – had risen to over 300.000, six times its postwar level (Lowe, 1999).

For this reason, the mid-1970s was also the height of “scrounger-phobia” hysteria in the media. Much of this was centred around supplementary allowances. In their seminal study of the media portrayal of poverty, *Images of Welfare*, Peter Golding and Sue Middleton found that: «the fraud theme was present in 53,2 per cent of supplementary allowance stories. No other category of benefit attracted similar association with fraud» (Golding, Middleton, 1982). Similarly, a 1978 research report into attitudes to supplementary benefits found that: «It was the almost universally declared belief of informants of all types that those who were in least need would be the most likely to claim, and the most successful in obtaining Supplementary Benefit; while those who were in most need, and most deserved to receive help, would be the most reticent in claiming, and the least likely to receive help. This belief is the lynch-pin of attitudes towards the Supplementary Benefits scheme» (Schlackman Research Organisation, 1978)⁷.

It was in part this deterioration in support for social security and the hardening of attitudes to benefit claimants that paved the way for the ascendancy of the New Right in the UK in the 1970s. Contrary to the standard “welfare backlash” thesis – that some time around the mid-1970s the British public turned decisively against the welfare state – evidence suggests that the public were not falling out of love with the welfare state per se, but rather with particular bits of it. Taylor-Gooby (1985) demonstrates that support for the welfare state’s underlying principles and many of its institutions remained as strong as ever during this period⁸. The picture was different, however, in attitudes to areas like “welfare benefits”: whereas in 1974, 67 per cent had thought “social services and benefits” should stay as they are or be increased (with 33 per cent thinking they should be cut back), by 1979 only 46 per cent thought this (with 49 per cent now thinking they should be cut back). In

are needed, should come from a fund to which the recipients have contributed and to which they may be required to make larger contribution if the Fund proves inadequate» (Beveridge, 1942, par. 22).

⁷ Large numbers of studies during the 1970s and 1980s pick up this “scrounger-phobia” as the key driver of antagonism towards welfare (Deacon, 1978; Townsend, 1979; Golding, Middleton, 1982).

⁸ In 1979, 87 per cent thought it was “very” or “fairly important” to put more money into the NHS (as opposed to 7 per cent who thought more money shouldn’t be put in) and 80 per cent thought it was “very” or “fairly important” to put more money into getting rid of poverty (as opposed to 8 per cent who thought more money shouldn’t be put in). In all cases, there had been no change or negligible change since the same questions were asked in 1974.

particular, deteriorating attitudes to social security seemed to be driven by negative views of benefit claimants⁹.

It was certainly Beveridge's great hope that the prominent role in the British welfare system of a stigmatised and residualist model of social assistance would become a thing of the past. It is perhaps ironic, therefore, that relatively arbitrary choices Beveridge made about the structure of his National Insurance scheme resulted in a large and growing group reliant on social assistance. Not only did this prove ineffective from the perspective of poverty prevention; it proved fatal for fostering a more benign notion of welfare linked to participation in society and led to the welfare system evolving in a way that eventually put the very idea of a fair contract under strain. The notion that inadequate insurance payments could be topped up painlessly with means-tested social assistance hugely undermined the potential moral legitimacy a contributory system might have had. The result was a precarious situation that left National Insurance highly vulnerable to retrenchment under the incoming Thatcher Government.

4.2. From "contribution" to "conditionality": The effect of the Thatcher Governments – 1979-90

The downgrading of the "contributory system" (social insurance) and the re-emergence of means-tested social assistance as a central plank of the welfare state not only continued on into the 1980s, but was greatly accentuated.

There was more than one reason for this (Hills, 2004). One was a continuing rise in the number of workless people with insufficient contributions records to be entitled to contributory benefits, people who clearly had to be supported (indeed, this phenomenon meant many on the political left were not especially attached to the contributory system either). But another important reason behind the downgrading of the contributory system was simply a desire by the Thatcher Governments to cut welfare spending and target resources as effectively as possible on the neediest. Non-means-tested benefits, earnings-related supplements and wide entitlement clearly did not sit well with this retrenchment agenda.

In particular, the abandonment of a commitment to full employment and a deep recession in the early 1980s had resulted in a dramatic increase in the number of workless households in the UK – and with it a dramatic increase in welfare spending. Out-of-work benefits therefore became a major focus for budget savings. This resulted in a variety of cuts to unemployment and sickness benefits, including breaking the link between their value and average earnings (up-rating them annually only in line with inflation), and multiple restrictions on eligibility for support. More fundamentally, the earnings-related supplement to contributory unemployment and sickness benefits was removed, and the value of contributory benefits was subsequently equalised with that of their income-based (i.e. means tested) equivalents. In the 1990s, this downgrading of the contributory system went further, with a limitation in duration of these contributory benefits to six months (before people were transferred onto the income-based versions).

So, along with budgetary savings, these reforms brought about a crucial change in the *nature* of out-of-work benefits, with a major shift away from contributory benefits

⁹ Taylor-Gooby's survey also found strong support for statements such as "the welfare state helps people who don't deserve help" (71 per cent to 17 per cent) and "the welfare state causes bad feeling between taxpayers and people who get benefits and services" (68 per cent to 25 per cent).

and towards income-based ones. The result was a profound change in the relationship between taxpayers and benefit recipients, from one of reciprocity and risk pooling, to one of providing transfers to others on the basis of need.

In particular, the shift from out-of-work benefits being conceived primarily as insurance to being conceived primarily as transfers to a particular need-group meant that they went from being about “all of us” (since the risks of unemployment and sickness apply to everyone), to being about “other people” (since only a minority are actually workless at any one time). By dividing recipients from the rest of the population, this change further accentuated questions about their “deservingness” in public imagination. And all this went hand in hand with a real shift in the ethos of welfare, with the resurrection of ideas of “dependency”, “the underclass” and a renewed focus on the individual (rather than structural) causes of poverty. Culturally, we went from paying into a system and rightfully claiming benefits if we were unlucky enough to suffer from a particular contingency, to large-scale moral panic about a mass of workless people who we had to constrain and cajole, and whose claim on the welfare state seemed much less legitimate.

The legacy of these reforms has been declining support for welfare and hardening attitudes towards benefit claimants. For example, one question from the British Social Attitudes Survey asks people about what causes poverty; in recent years – for the first time – the numbers saying poverty is due to laziness have overtaken the numbers saying poverty is due to injustice. Meanwhile, the number agreeing it should “definitely” be government’s responsibility to provide “a decent standard of living for the unemployed” has fallen from 42 per cent in 1985 to 10 per cent in 2006 (Taylor-Gooby, Martin, 2008; Sefton, 2009). Many commentators and researchers have argued that these trends were further exacerbated over the last decade by the New Labour government’s continuation of the welfare policies and narratives they inherited from their predecessors.

In policy terms, the system that emerged out of this shift from contributory to need-based welfare has placed the burden of enforcing any kind of “contract” – the burden of reciprocity – on the moment of claiming welfare itself. And the consequence of this has been a growing framework of “behavioural conditionality”, with far more emphasis on individual behaviour while out of work, and with more and more conditions attached to receiving welfare.

Of course, the UK has not been alone in an increasing focus on behavioural conditionality, which in any case has also been driven by a broader commitment to ALMPs. But the reality is that the lever of conditionality has not only been used for “activation” strategies, but has had to bear the brunt of responsibility for policing public perceptions of fairness. The types of conditionality that emerge from this situation can be detrimental to the wellbeing of claimants, since they focus all of the political pressure for ensuring fairness on the single moment when individuals are at their most vulnerable.

5. AGENDAS OF CONDITIONALITY IN ACTIVE LABOUR MARKET POLICY

All of this brings us to the key question for evaluating conditionality and active labour market strategies: what is the motivation behind them?

Conditionality – and an insistence on reciprocity more generally – does of course pose a dilemma for egalitarians, since it will not necessarily have an equalising effect. It

means there will be situations where individuals are sanctioned for a refusal to participate, including via a reduction in benefit payments, and in these cases conditionality can clearly work against the objective of poverty prevention.

However, as we noted earlier, there are important progressive arguments for conditionality. Provided it is done in a humane way, with an underlying layer of support to protect against hardship and sufficient support for dependents, the application of sanctions is justifiable on grounds of fairness¹⁰. And there are also important arguments for conditionality grounded in improving the life chances of claimants. Studies show that conditionality has often been successful in increasing the numbers on workless benefits moving into work (Manning, 2005). It could plausibly be argued that, over the long term, the disadvantages of sanctioning may well be outweighed by the (paternalistic) ways in which an appropriate framework of conditionality can help to tackle poverty by connecting individuals with work and training and motivating them to take advantage of opportunities.

But note that all of these progressive arguments for conditionality are based on the assumption that policymakers are themselves motivated to improve the life chances of claimants – and that welfare policies are designed accordingly. Ultimately, the motivation behind a framework of conditionality matters greatly, since it will affect the structure, generosity and character of programmes.

A potentially much bigger problem with conditionality, then, is not the principle itself but the danger that, in practice, programmes are not geared towards improving the life chances of claimants but instead become tools for deterring claims on the welfare system, for cutting costs, or simply for assuaging public anxieties.

In this section, we look at three important tensions behind the motivation for conditionality – all of which have very important implications for the welfare of claimants.

5.1. Helping claimants or deterring them?

Throughout history, welfare programmes for the unemployed have often been concerned primarily with deterring illegitimate claims. The modern British Poor Law, which ran from the early 17th Century until the early 20th Century, was deliberately shaped to make the experience of claiming support as unpleasant as possible – through loss of freedom within the workhouse, poor quality food, deliberately oppressive work, separation of family members, social stigmatisation and loss of democratic and civil rights.

It was Beatrice Webb, in her minority report to the Royal Commission on the Poor Laws, who first pointed out the contradictions of such an approach. Making the workhouse unattractive and demeaning in order to deter the illegitimate claimant, she argued, was in direct conflict with the aim of helping people out of poverty and into work. The Poor Law had been spectacularly ineffective at preventing destitution precisely because it tried to provide welfare and create deterrence simultaneously within a single system.

Webb's solution was also simple: separate out the issue of how generously or ungenerously to treat the unemployed from the issue of how to deter unfounded claims on the system. Instead, replace ungenerous and punitive provision with generous and enabling provision

¹⁰ Perhaps ironically, an important advantage of a more generous level of out-of-work benefits, as recommended earlier, is that sanctioning (a cut in benefits) can take place with less risk of harm to individuals and therefore can potentially play a more important role. This is an important reason why generosity and robust conditionality are actually quite good bedfellows (as we see in Danish labour market policy, for example).

underpinned by robust conditions. Supporting the unemployed and requiring them to enter work are both legitimate objectives; but you can't achieve both at once simply by making the experience of welfare unpleasant.

These debates are still alive today, especially in the context of mandatory work activity¹¹. There are good arguments for mandatory work programmes (so-called "intermediate labour markets"): prolonged absence from the workplace can itself create barriers to moving back into work, and there is evidence that participating in mandatory work activities can help to "reconnect" people with the world of work, increasing both skills and motivation (Gregg, 2008).

However, there is a difference between work experience and workfare. Workfare refers to regimes, often punitively motivated, which require work in return for receipt of benefits, typically with no further assistance provided with job search or training to help the individual move into mainstream employment. The evidence from workfare schemes around the world is that, while they can be successful in cutting benefit caseloads, they can actually *reduce* future employment chances by limiting the time available for job search and by failing to provide the skills and experience valued by employers (Crisp, Fletcher, 2008). By contrast, an approach designed to help claimants would be one that combines work experience with continued assistance.

What is key for poverty prevention is that conditionality be part of an *enabling* regime, which requires a combination of intensive support and generous benefits, along with flexibility in applying requirements and sanctions.

5.2. Investing in people or cutting expenditure?

Saving money is an appealing by-product of getting more people off benefits and into work. But this should not be the primary motivation of employment programmes. Effective back-to-work support is expensive. The best-performing OECD countries – like Denmark and Netherlands – invest substantial resources in ALMPs (1,7% and 1,4% of GDP respectively in 2005), combining generous benefits with tight conditionality and intensive support and advice. While the UK has over the last decade significantly increased investment in ALMPs (especially through programmes like the New Deal and Pathways to Work), it still lags a long way behind (current investment is 0,3% of GDP in 2005) (Daguerre, Etherington, 2009).

Indeed, the history of welfare reform is littered with examples of counterproductive programmes whose primary aim was to "reduce the welfare rolls". An example would be the infamous "Wisconsin" welfare model from the US, which reduced the number of claimants partly through time-limiting benefits. The result was two million children in the US with parents out of work but receiving no state welfare (One Parent Families, 2007). Evidence suggests that indiscriminate conditions solely motivated by a concern to get people off welfare can, far from integrating people into society, lead to large numbers of people and families "disconnected" from both the world of work and the welfare system (Blank, Kovak, 2007-08).

The experience of countries such as Denmark suggests conditionality works best when

¹¹ In 2008, the Labour Government proposed a "work for your benefit" scheme, comprising mandatory full-time work activity for those who had been unemployed for more than two years. Critics quickly highlighted mixed motivations: on the one hand, the scheme was supposed to help claimants improve their work prospects and "employability skills"; on the other, it was billed as a way of cracking down on those "playing the system", with the prospect of attending mandatory full-time activity intended to "act as an effective deterrent" (DWP, 2008).

combined with decent financial support. There are several reasons why adequate benefit levels need not undermine incentives to work. First, the “gain to work” can be maintained through in-work support (as is the case through the Working Tax Credit in the UK). Second, generous benefit levels (especially earnings-related benefits) can incentivise work if they have contribution conditions attached to them. Third, citizens might be more willing to participate in flexible labour markets if they know there is a strong base of welfare support for them when they need it. Interestingly, comparative attitudes research suggests that employment commitment tends to be stronger in countries with more generous benefits than in those with less generous benefits¹².

Ultimately, however, attaching conditions to the receipt of benefits overrides economic incentives, since individuals are required to search for and move into work. So an advantage of conditionality is that it renders obsolete classical economic arguments that benefit levels must be kept low in order to incentivise work (Brewer, Sibieta, Wren-Lewis, 2008). In any case, evidence suggests that benefit levels that are too low can actually be a substantial *barrier* to finding sustainable employment, shifting a household’s focus from self-improvement to survival (Grubb, 2000).

5.3. *Challenging stereotypes or reinforcing them?*

Sometimes politicians use tough conditionality – and the *language* of tough conditionality – as a device for speaking to public fears about the welfare system and welfare claimants.

As reported above, over the last three decades, as unemployment benefit has increasingly become a need-based benefit, questions about the “deservingness” of recipients have become more and more salient. This has been met with narratives from politicians about “cracking down” on claimants and targeting “benefit thieves”. But this language that has actually *strengthened* people’s concerns about the integrity of the system. The result has been a vicious circle of further public anxiety and political pressure, met with further crackdowns, and so on.

The graph below shows an effect of this vicious circle. Ever since the Thatcher reforms ensured the value of unemployment benefit was up-rated only in line with inflation each year, its value has fallen dramatically relative to average earnings. But since the mid-1990s, the proportion of people agreeing with the statement that “unemployment benefit is too high and discourages work” has risen inexorably¹³.

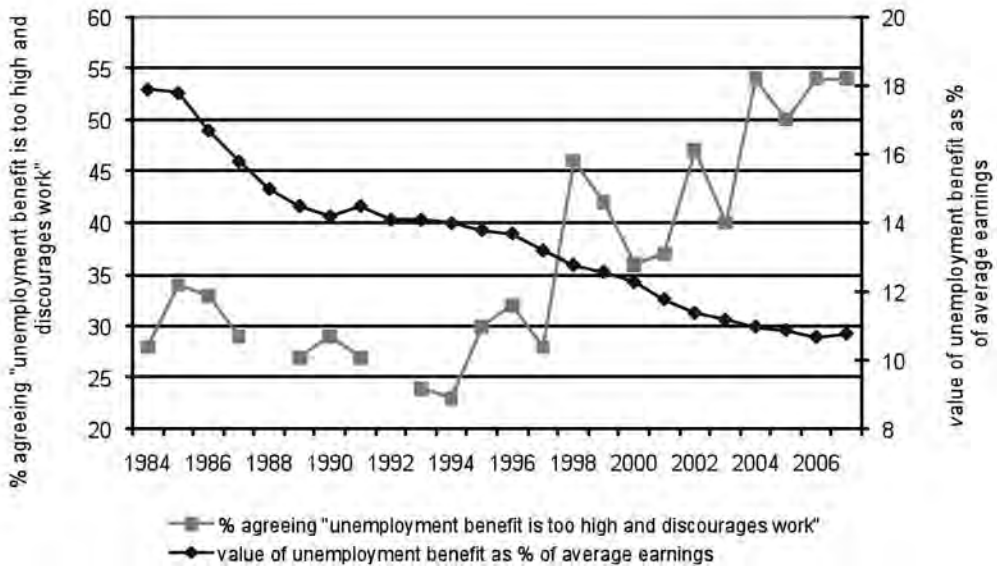
Earlier we noted that an insistence on reciprocity in welfare design could be strategically important for ensuring public support – by increasing the perceived legitimacy of programmes. But the key thing to note here is that these strategies will only be successful if implemented in a way that fosters more positive perceptions of claimants and reduces the “social distance” between those receiving out-of-work benefits and those in work. What is so damaging with narratives about “scroungers” and “crackdowns” is that they have the opposite effect, reinforcing anxieties about whether or not people deserve the support they are getting and increasing the social distance between claimants and everyone else.

¹² Esser (2009) also finds that levels of employment commitment have not decreased over time in countries with more generous welfare states; nor have they increased over time in those with less generous welfare states.

¹³ This is also the period when there have been substantial increases in behavioural conditionality attached to out-of-work benefits, including the introduction of Jobseeker’s Allowance in 1996, which requires an individual to actively seek work, and, more recently, mandatory work-focussed interviews for new Incapacity Benefit claimants and lone parents on Income Support.

The 1997-2010 Labour Government developed ALMP in ways that not only provided welcome support for claimants but could also have been used to restore public confidence in the integrity of the system. Sadly, however, the narratives that were used about welfare during this time have actively undermined public confidence in the system¹⁴.

Figure 2. How attitudes to unemployment benefit have varied with the level of unemployment benefit



Source: data on unemployment benefit, Jobseeker's Allowance from DWP (2009). Data on public attitudes from NatCen's British Social Attitudes survey.

6. WHAT ABOUT GOVERNMENT'S SIDE OF THE BARGAIN?

There is a strong argument that for conditionality to be justified on fairness grounds it should also be the case that government is striving to provide all citizens with decent opportunities in the first place. As Stuart White has argued, enforcing conditionality in the face of wide disparities of opportunity risks exacerbating inequality and undermining life chances (White, 2003). So as well as clarifying the requirement of each individual to make a contribution, a commitment to reciprocity in welfare should also clarify government's (or "society's") responsibility in ensuring fairness.

Within the confines of ALMP, this requires a proper range of help and support available

¹⁴ Sefton convincingly demonstrates that much of the hardening of attitudes towards welfare recipients took place since 1994 (when Tony Blair became leader of the Labour Party, changing the Party's narrative on welfare), and particularly among Labour supporters. He concludes that the change in welfare rhetoric that occurred under New Labour is centrally responsible for the pattern of attitude change (Sefton, 2009).

to those on out-of-work benefits in order to develop new skills and move into work. But government's side of the bargain here needs to go beyond the narrow confines of labour market policy. For example, a commitment to equal opportunities will require substantial investment in education so as to narrow gaps in attainment between those from more and less disadvantaged backgrounds. Economic interventions to regenerate disadvantaged areas or create jobs through public sector projects will also be essential in order to ensure a sufficient supply of quality jobs in the first place.

As a case study, we look at how these observations relate to an emerging policy debate in many countries: the activation of elderly workers and the appropriate state pension age.

6.1. Case study: The activation of elderly workers and the raising of state pension ages

Arguments about fairness and reciprocity have come sharply into focus across many OECD countries in debates about the length of working life, the requirements that should be placed on elderly workers and the appropriate age of entitlement to state pensions.

These debates have mainly been driven by concerns about the affordability of pensions and public services in the light of increasing life expectancy. And it is true that the facts here are pretty stark: life expectancy in the UK is going up by two years every decade, which is not only increasing the size of the population, but changing the "age structure" of the population considerably. Already – for the first time ever – there are more people over the age of 65 than there are under the age of 18. Over the next 10 years, the number of those aged over 65 is projected to increase by over 30 per cent (to 12,7 million) and the number aged over 85 by 50 per cent (to 1,9 million).

Not only will the growing size of the old age population mean a growth in demand for existing benefits and services, particularly health and care services, housing and pensions¹⁵; but even with inward migration (which tends to lower the average age of the population), it will increase the *old-age dependency ratio* – the ratio of pensioners to working-age people. Today, for every person in retirement in the UK there are four people of working age. In 50 years time, there will be just two (DWP, 2006). It is in response to this situation that governments across the OECD are legitimately discussing the sustainability of current forms of social provision.

The first thing to say is that while this welfare challenge is very real, it should also be kept in perspective. The UK Treasury currently estimates that to preserve the status quo in terms of service provision with our growing and ageing population will require spending on health, long-term care, education and pensions increasing by 3,3 per cent of GDP over the coming twenty years. This is not trivial, of course, but would still leave overall government spending for the UK well below that of many EU countries today (HM Treasury, 2008). And while financing this expenditure would require a larger tax take, this would not be politically unfeasible provided those contributing today were sure that equivalent provision would be in place when they reach old age. (The alternative – to require individuals to finance more of their needs privately – would risk producing serious inequities.) Ultimately, if intergenerational solidarity was sufficiently strong, there is no reason why such an arrangement would not be possible.

¹⁵ For example, the number of over 65s with a care need will increase from around 2,5 million now to around 4 million by 2026 (Cabinet Office, 2008).

The second thing to say is that, while the impetus for these debates has primarily been concerns about long-term fiscal sustainability, there are also reasons why continued participation in the labour market in older age may be a socially desirable objective. For too many people in the UK, retirement can be a sudden “cliff edge”, with a sudden drop in income and loss of opportunities and social networks, which can harm people’s welfare and create a type of exclusion. For others, careers can abruptly come to an end if their employer has a compulsory retirement age. And, of course, there are huge gains for society as a whole in continuing to use the skills, knowledge and experience of older people, whether in the labour market or in wider social activity more generally (caring, volunteering, civic engagement, and so on).

Indeed, social exclusion is a more general issue for older workers who move out of work, not simply one around debates over retirement. One of the most notorious failures of labour market policy in the UK happened during the 1980s when, in order to deal with the huge rise in unemployment created by industrial restructuring, the government sought to reduce the labour supply by intentionally shifting many elderly unemployed onto incapacity benefit (a sickness benefit for the inactive). There was no requirement on these individuals to seek work – indeed, they were told they should not expect to work again – and no help was available for them to retrain or find work. The legacy of this has been a large number of individuals on long-term sickness benefits, detached from the labour market and condemned to a life of subsistence benefits in retirement. (As a general rule, if you have been on incapacity benefit in the UK for more than two years, you are more likely to die on it than to find work again.) So if appropriate conditionality and support can be beneficial for those at risk of becoming detached from the world of work, then a failure to provide such a framework becomes socially irresponsible.

In many countries, governments are responding to evolving debates about the long-term affordability of pensions by raising the age of entitlement to state pensions, which is in effect a form of compulsory labour market activation for older people. For example, the 2007 Pensions Act legislated to raise the UK state pension age for men and women to 68 by 2046.

But there are serious debates about the fairness of such measures. First, there are big variations in life expectancy in the UK between different social groups – male life expectancy in Dorset (in the south of England) is currently 80 years, compared to just 69 in Glasgow (Scotland) – meaning the impact of raising pension ages is highly unequal across different social groups. Second, there is a real issue about people’s expectations and the promises that have previously been made to them: if changes to the pension age are made without much notice, this unfairly disrupts people’s life plans – which is why the UK Government’s recent announcement that it will bring forward the date at which the state pension age rises to 66 from 2024 to 2016 has been met with dismay. Third, there is an important issue about the extent of the opportunities and support available to older people in the labour market – the quality of jobs available, the suitability of workplaces, the opportunities for training, and so on.

Earlier, the principle was advanced that, for conditionality to be fair, government had to meet its side of the bargain in ensuring decent opportunities for everyone in the first place, and in reducing inequalities so that compulsion does not impact adversely on particular social groups. The activation of elderly workers provides a real test case of this principle.

What would an appropriate policy mix look like if governments were to meet their side of the bargain here? It would necessarily involve many different factors.

An essential component would be serious action over many years to narrow the gaps in life expectancy between different social groups. This means not only measures to improve access to health services and promote healthy lifestyles but – just as importantly – measures to tackle underlying socioeconomic inequalities, which are a major cause of health inequalities (The Marmot Review, 2010). For certain occupations, it will mean major efforts to improve occupational health and safety, especially for those working in the industrial sector. In several cities in the UK, male life expectancy is appallingly low because of many years working in “heavy industry”¹⁶; if state pension ages are going to rise, then, for these groups, it may be necessary to have other routes to exit from the labour market at earlier ages, with appropriate financial support in place. For example, although the UK state pension age is rising above 65, it will still be possible in some circumstances for those suffering from work-related ill-health to claim equivalent support (Pension Credit) from 65.

Another component of a fair contract must be a massive expansion of the help and support available for older people, including opportunities for continuing education, opportunities for retraining for those wishing to change jobs, welfare-to-work support, and so on. Over the last decade, the UK Government has created a programme with support geared towards older workers – the New Deal 50-plus – which has now been integrated into other work programmes. But there is still a long way to go to create fair opportunities in the labour market for older workers. Simultaneously, much needs to be done to tackle age discrimination in the workplace – not just the prohibition of compulsory retirement ages, but also the promotion of a broader cultural change among employers.

Finally, a broader set of policy changes will be necessary to create labour markets suited to the participation of older workers. This must include more accessible workplaces, especially to accommodate workers with reduced mobility. It must also include greater opportunities for flexible and part-time working. Indeed, many older people might wish to carry on working in later life, whether to continue a career or to save more for retirement (currently over a million people in the UK are working beyond state pension age), but they may also wish to do this by reducing their work hours or changing their working pattern. This will require not only decent employment rights, but also flexibility in pension arrangements too. Recent legislation in the UK to allow people to claim occupational pensions while still working part time has been a real breakthrough here.

So while the activation of older workers will increasingly become fiscally and socially advantageous, it must be grounded in a concern to ensure fair life chances for all, not simply to save money. It is clear that many countries still fall a long way short of a fair contract when it comes to placing conditionality on older workers.

7. CONCLUSION

This paper has examined the concepts of reciprocity and conditionality within welfare, looking especially at their manifestation in the context of ALMPs, and discussed some of the political controversies that surround these concepts in contemporary social policy.

The arguments made in this paper pose a challenge to those on both the left and right of politics. The challenge for the left, particularly those grounded in the tradition of “welfare

¹⁶ Male life expectancy in Calton, Glasgow, is 54 – lower than in Iraq and Bangladesh. See <http://www.guardian.co.uk/society/2006/jan/21/health.politics>.

rights”, is that reciprocity is an important value in welfare policy, not just because it is a demand of fairness, but also because, if implemented fairly, it can be both a driver of improved life outcomes for disadvantaged groups, and of improved public support for welfare.

The challenge for the right is that an insistence on reciprocity in welfare will also mean more support for certain social groups, especially carers, students and researchers, as well as much wider government action to address the underlying causes of unequal opportunities in society, from improving education provision for those from disadvantaged backgrounds to economic interventions to improve the supply and quality of jobs. In the context of the activation of elderly workers, this will also mean long-term action to tackle inequalities in life expectancy, much greater provision of continuing education and skills across the life course, better work arrangements for older people, and the creation of specialist programmes to help the elderly unemployed into work. The analysis here has also highlighted the dangers of agendas of conditionality motivated by cutting costs or deterring claimants, which often end up being detrimental to the interests of claimants.

In the UK, debates about conditionality are gradually moving from the sphere of ALMPS and into public service provision more generally. Severe fiscal retrenchment and significant immigration have generated fresh concern about entitlement to welfare and public services, which is perhaps most clearly manifest in proposed reforms to social housing and legal aid – services targeted especially on low-income households. Elsewhere, a new process of “earned citizenship” has been created for those coming to the UK, in order to increase the perceived legitimacy of the path to gaining equal entitlement to benefits and services as current UK citizens. As with all of the issues discussed in this paper, whether or not these reforms make the UK a fairer and more equal society will depend greatly on whether or not they manage successfully to foster and maintain public support for welfare benefits and services, and whether or not they have due regard for the life chances of those most in need of them.

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