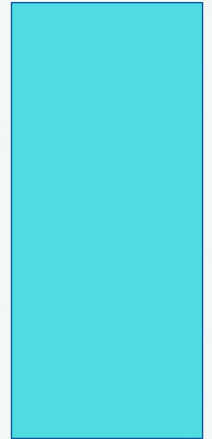




SHIFTING FROM 'LIBERAL COLLECTIVISM' TO 'MARKET SOCIETY' IN THE UNITED KINGDOM

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AN UNDERDEVELOPED SOCIAL MODEL, ***BUT WITH COLLECTIVIST FEATURES...***

- **A RESIDUALIST WELFARE SYSTEM**

- 23RD out of 29 in OECD ranking of unemployment replacement rates
- Underfunded social care
- Cost-cutting privatisation of for-profit service provision

During the 2000s

But explicit policy target to reduce child poverty, substantial rise in public expenditures, generous assistance with housing costs, 100% healthcare access

- **UNDER-REGULATED, FLEXIBLE EMPLOYMENT MODEL**

- 28th out of 30 in OECD employment protection index
- Opt outs from Working Time Directive, weak support for working mothers
- Workers reliant on legal protection because trade unions and collective bargaining coverage are weak

But raised minimum and equality standards (European directives), medium-level minimum wage, strong worker voice in public sector

WELFARE REFORMS

Post 2010



Cuts, cuts, cuts

- Cut spending & extended austerity period
- Fall in healthcare & education real spending per capita



Downgraded value of social security benefits

- Reduced annual uprating index
- Controversial health test for disability benefits
- Stricter work tests and record number unemployment benefit sanctions



Reduced value of in-work benefits

- 3-year freeze in basic element
- Raised weekly hours entitlement threshold
- Reduced family and childcare elements



Vulnerable groups targeted

- Abolished Education Maintenance Allowance
- Abolished means-tested support for lone parents with very young children
- Abolished mobility allowance for disabled

Housing benefits



Post-2010 reforms

- New cap at 30th percentile of local rents
- New time-based reductions in benefits
- Reduced value of uprating index
- Raised age threshold for shared accommodation
- 'Bedroom tax' on unoccupied rooms

Effects

- *Massive outcry from hundreds of charitable organisations*
- *Increased immiseration of low-income households*
- *Social cleansing of high-income neighbourhoods*
- *Rise in homelessness and evictions*
- *Sudden rapid spread of Food Banks*
- *Rise in child poverty*

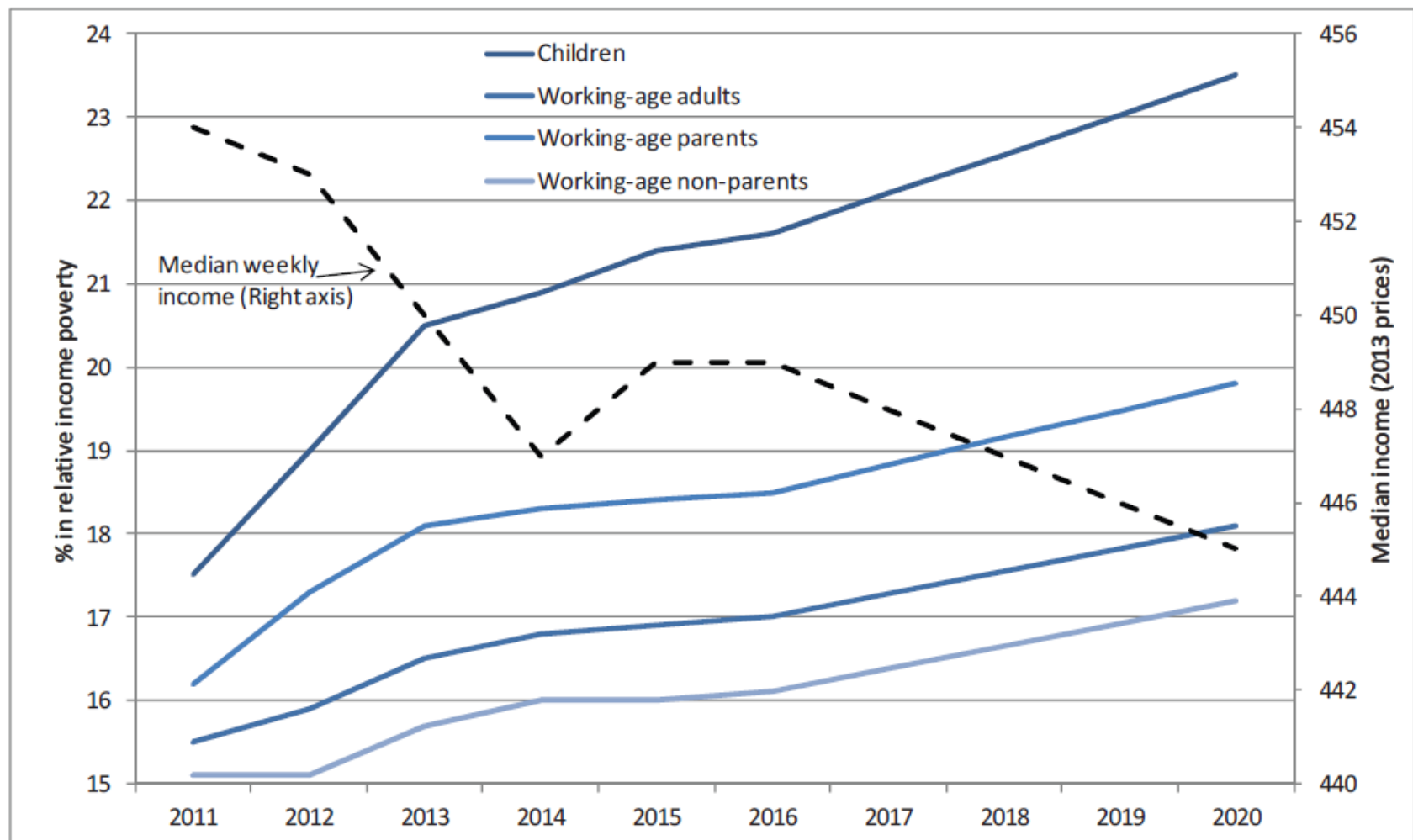
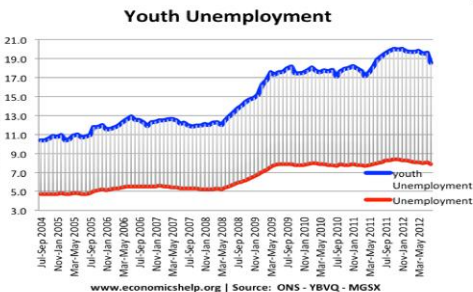


Figure 11.5 Projection of relative income poverty for different population groups, United Kingdom, 2011–2020

Source: Adapted from Table A.1 in Browne et al. (2013), which draws on Family Resources Survey data for 2010–2011 and specific assumptions to underpin the projections.

EMPLOYMENT REFORMS

Abolished major jobs
subsidy programme



Controversial part
privatisation of job
search services

Reduced
employment
protection

Exchange company
shares for rights
scheme



Abolished wage
clause in public
procurement

Ending of co-
operative union-state
relations in public
sector

New employment
tribunal fees for unfair
dismissal, sex and
race discrimination

FALLING UNION DENSITY MEANS WORKERS DEPEND HEAVILY ON REDUCED MINIMUM LEGAL PROTECTION

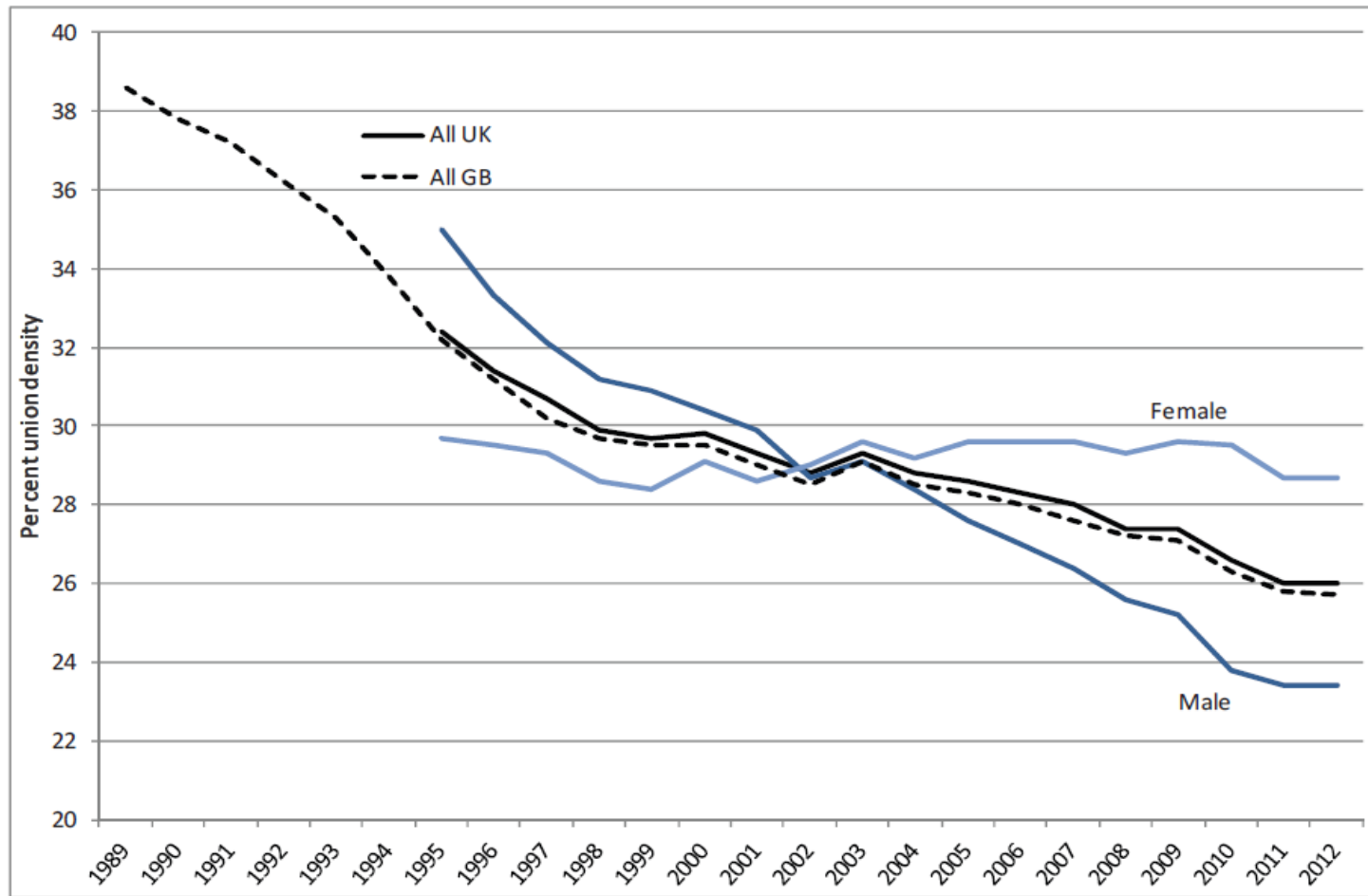


Figure 11.4 The trend in union density by sex, United Kingdom, 1989–2012

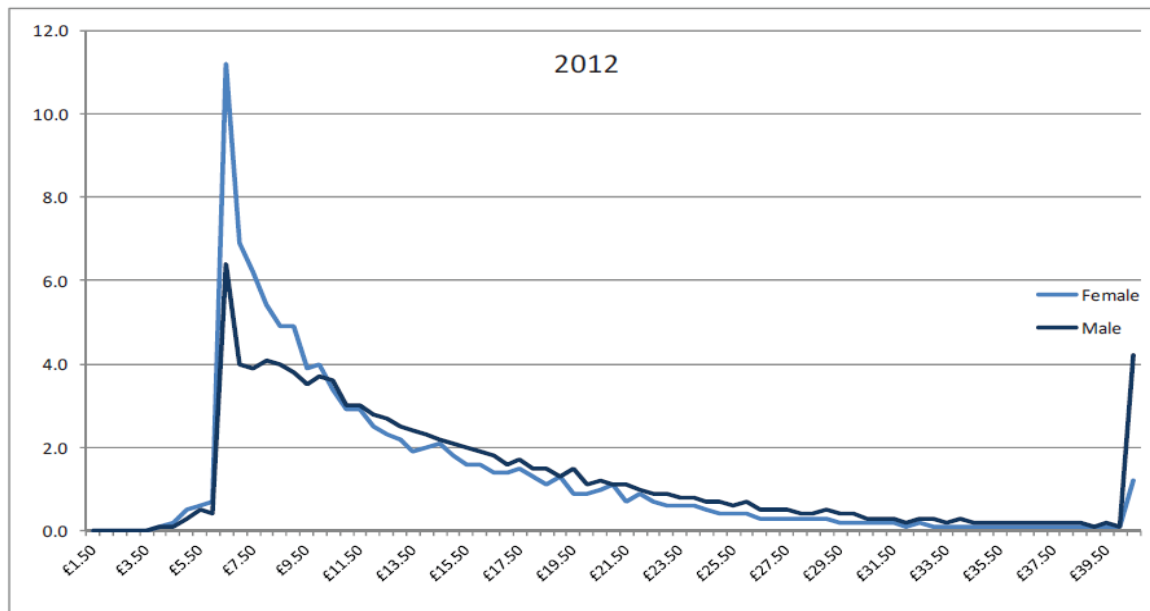
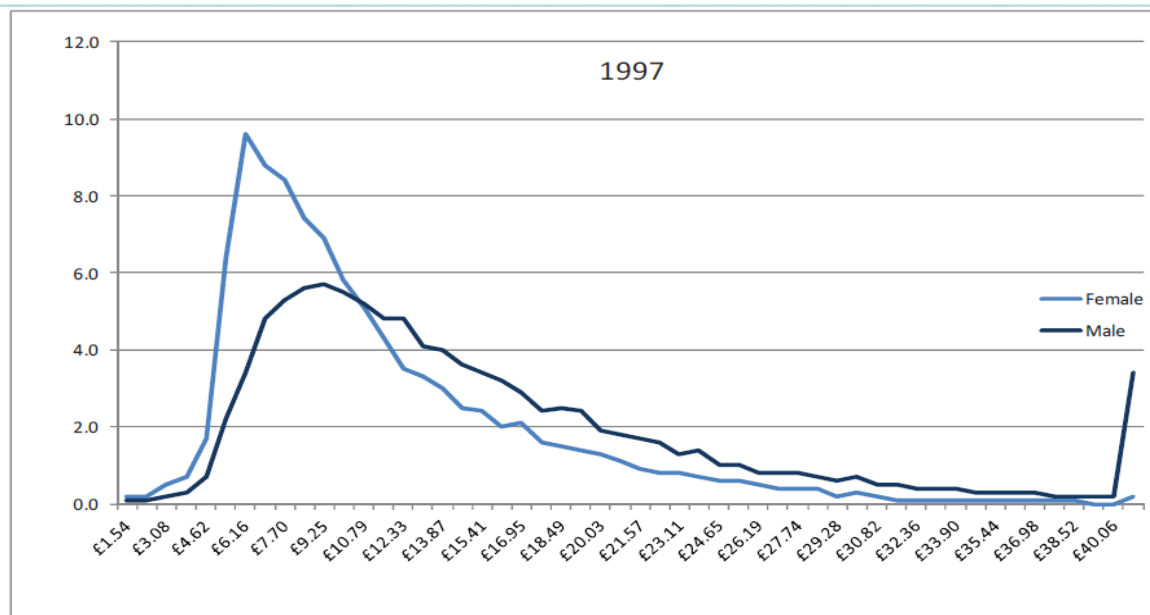


Figure 11.13 The changing real wage distribution for male and female employees, United Kingdom, 1997–2012 (adjusted for 2012 prices)

POLICY CONCLUSIONS

What pressures are driving reforms in the UK?

1. **Politics/ideology (STRONG)**
2. Macro conditions/financial markets (MEDIUM)
3. Demographic/social/economic need (WEAK)

How to characterise the reforms?

- **Part incremental drift** (*many reforms follow New Labour policy*)
- **Part radical shift** in explicitly undermining goals of ESM

Irreversible?

- Changed politics of effective size and role of nation state
- Accepted dogma of **pro-capital** (FTSE 100 back to pre-recession peak already), **residualist welfare society**

Distributive effects?

- Shift in who pays for the social model
- Adoption of American 'residualist' (not universal) approach to entitlements
- Low and medium income households experiencing real income decline (working and non-working households)
- Weakened employment rights undermine social cohesion and productive participation in work and society