

# Work, welfare and deprivation

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*When work doesn't pay*

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# Introduction

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Some themes:

The linking of work and welfare

Making work pay

Inequality

An exemplar of the work/welfare margins - the debate about local tax

Concluding comments – 21st century issues:

Does inequality matter?

Work, welfare and fiscal policy

Asset-based welfare

The notion of 'occupational welfare'

# The linking of work and welfare

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Work for those who can, security for those who can't

Welfare to work

Making work pay

# Work as a citizenship obligation

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“Unemployment benefits were often paid without strong reciprocal obligations” (Blair 1998)

“We will always give people the support that they need to get back to work, but we expect something in return...*the responsibility to look for work and train for work when needed*” (Blunkett)

# Income inequality - trends

Declined from the 1920s to the 1970s

Grew rapidly from the late 1970s to the late 1990s

Little change since 2003/04 (but inequality of wealth is increasing)

# The divergence of incomes

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There was very little change in relativities between different points on the male earnings distribution between 1886 and 1973

1979 to 1994/95:

median incomes grew by 30 per cent

incomes for top decile grew 60-68%

incomes for bottom decile 8% lower in 1994/95 than 1979

# When work doesn't pay

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Net weekly wage	£170
Rent	£80
Gas, elec, water	£15-20
Council tax	£15

Leaves approx £55 per week

"My wages. I just don't earn enough".  
(Gardener, male, 20s)

# Families more complex

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“I’m bringing £1,000 a month home, which isn’t a lot, you know, to pay my rent which is £80 a week for this. So I’ve got to pay that, and I’ve got to get my food, pay my electric and my gas and everything else [...] Plus going to work and trying to feed and clothe all the kids and everything”. (Care worker, female, 40s)



# Civic defeat

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“the only way that I can start paying council tax is if I get a good job, like £7 or £8 an hour. But when are they going to give you a job of £8 or £7 an hour when you got no qualifications? The only way I can do it is go up and work 7 days a week and just work like a slave and I’m 43 years old and I’ve been doing that since I was 16, you know what I mean? I’m 43, why should I work like a slave, earn all my money, just to pay rent and tax, give it all out again?”

(Man, JSA, 40s)

# Key issue: making work pay

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“Obviously the main reason I’ve had problems [paying council tax] is a lack of money and I just feel that the government...I mean they are encouraging you on the one hand to go to work and to earn money, but then what they are giving you, they are taking straight back off you in council tax and full rent...I just feel that...they really need to look into that because its...unfortunate...[sighs]”.

(Care worker, female, 40s)

# (Failing to link) work and welfare

There are a quarter of a million households whose income falls below the poverty line by an amount less than they pay in council tax

Council tax benefit protects the poorest, but:

loss of CTB and HB = effective marginal tax rate of over 90%

# Conclusion: 21<sup>st</sup> century issues

Linking work, welfare and fiscal policy

Asset-based welfare

The notion of 'occupational welfare'

Does inequality matter?