Unemployment in Britain : From the Welfare State to Welfare-to-work

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Since the Poor Laws of Elizabeth I and those of 1834, poverty and idleness in Britain had been taken care of by the workhouse scheme put under the control of the Workhouse Guardians and of the parishes, but the ultimate responsibility befell the individual who was considered guilty of mismanagement, for not providing for slack periods. The turn of the nineteenth century saw a change of heart in many politicians, economists and leaders of the country under the pressure of angry unemployed people who wanted help in case of economic depressions or foreign competition. Demonstrations and strikes affected whole sectors such as the docks in London in 1889, as would be the case again later in 1911. They paralysed the economy in major areas. To blame idle workers for their destitution or for their vices such as alcoholism or depravity did not seem to be the answer anymore.

Writers like G. B. Shaw had been portraying the tragedy of poverty for decades and decades, trying to awaken the leaders of the country to make them do something about destitution due to the lack of work:

> **Cusins**: Do you call poverty a crime?
> **Undershaft**: The worst of crimes. All the other crimes are virtues beside it: all the other dishonours are chivalry itself by comparison. Poverty blights whole cities; spreads horrible pestilences; strikes the very souls of all who come within sight, sound, or smell of it . . . . But here are millions of poor people, abject people, dirty people, ill fed, ill clothed people. They poison us morally and physically . . . . Only fools fear crime: we all fear poverty. Pah! you talk of your half-saved ruffian in West Ham . . . . I will drag his soul back again to salvation to you. Not by words and dreams; but by thirty-eight shillings a week, a sound house in a handsome street, and a permanent job. (G. B. Shaw 329-30)

A turning point occurred in 1905, as jobless, able-bodied people won some recognition. They were no longer called "idle" but "unemployed." They became the responsibility of the State with the *Unemployment Workmen Act* passed by a Conservative government (Harel). This

act empowered the local authorities to fund relief works from the rates and to form Distress Committees. In a speech to his unionist supporters in 1909, advocating a policy of national and imperial greatness in which the condition of the poor would be improved, Joseph Chamberlain said:

> There was a great reform in the future which would do more for you than all these attempts at bettering your condition, and that was a reform which would secure for the masses in the industrial population in this country constant employment at fair wages . . . . The working classes, especially, will be the sufferers, and we shall find then that it will be impossible, without a change, to find employment for the constantly increasing population of the islands. (Chamberlain qtd. in Amery 905-6)

Chamberlain was as anxious to provide jobs for everybody so as to ensure the supremacy of Britain in the world which he feared was jeopardised by foreign competitors more in tune with trade and the newest technological improvements. Indeed, "exports of cotton had represented 25% of British exports by value in 1910-13. The industry had exported 70% of its output" (Childs 14). During the First World War demand for some products such as cotton, iron, coal and steel, and shipbuilding increased. But after the war, cheaper and better products from abroad hit Britain hard, creating massive lay-offs, and the government had to meet new challenges. Unemployment had always existed but after the sacrifices of World War I, it became less acceptable than before and the promises of better times had come.

1- The Making of the Welfare State (1945-1975)

Winston Churchill followed the advice of J. A. Hobson, a liberal economist, who pointed to the systematic causes of unemployment and identified its cyclical nature in some basic industries, and, with Beveridge, he introduced the *Labour Exchange Act* in 1909 and the *National Insurance Act part II* in 1911. Despite limitations it was quite a change in the policy of the government. These two laws allowed two and a quarter million workers who were quite likely to suffer from temporary unemployment in building, engineering and shipbuilding areas, to obtain benefits. Workers were guaranteed seven shillings a week for a maximum of fifteen weeks.

Combined with the health insurance scheme—part I of the *National Insurance Act* passed in 1911—, these benefits provided a frame-

work for the welfare system to come. Lloyd George, who ruled over the Board of Trade from 1905 to 1908, created the first census of industrial production and the Port of London Authority. *The Development Act*, part of the 1909 budget, provided £12 million from the government for public jobs (Powell 35-44).

After the First World War, booming periods alternated with economic depressions, leading therefore to more trade union demonstrations. In 1921 the collapse of the export markets brought the rate of men out of work to nearly 18%, covered by the law. The miners were the most structured troops of the trade unions. They were joined by the railwaymen and the transport workers. They wanted better wages and the government granted them a six-month increase in 1920. The reduction of the relief of unemployment became a major issue, since the unemployment insurance coverage, extended to all workers earning less than £250 a year, had to be cut because of the rising number of claimants. Beveridge insisted that:

> Unemployment is a question not of scale of industry, but of its organisation, not of the volume of demand for labour but of its changes and fluctuations . . . . Unemployment is not to be identified as a problem of general overpopulation . . . it is to some extent at least part of the price of industrial competition—part of the waste without which there could be no competition at all . . . . The practical reply is to be found in reducing the pain of unemployment to relative insignificance. (Beveridge qtd. in Evans 192; 235-37; 190)

In 1924, benefits were raised again, until the Conservatives passed the *Unemployment Insurance Act* in 1927 to replace benefits with "standard benefits" to be paid to workers who had contributed for at least 30 weeks in two years. For "transitional benefits," the only qualification was that the worker must be "genuinely seeking work." In 1929, Lloyd George published *We Can Conquer Unemployment*. Following Keynes, he advocated public jobs in roads, houses and infrastructures to create growth and therefore to allow the economy to recover. Beveridge explained in *Unemployment, a Problem of Industry* (1930) the causes of unemployment and the reasons why the State needed to address that issue.

By December 1930, unemployment had soared to 2.5 million people, and rose to 2.7 million in 1932. As many as 35% of miners, 48% of steelworkers and 62% of shipbuilding workers were out of a job.

"Hunger Marches" became part of the scenery in the old industrial areas while new ones seemed to fare much better, especially in construction. The drain on public services was immense and by 1931, the insurance fund was in debt by £100 million. Normal benefits were cut by 10% and transitional benefits were paid only after a means-testing enquiry.

The government was quite aware of the acute problem of unemployment: the *Unemployment Act* of 1934 restored the 1931 levels of benefits and set up the Unemployment Assistance Boards. The *Special Areas Act* of 1934 addressed the depressed areas, and in 1937, a tax concession scheme allowed employers to pay less taxes if they created jobs in depressed industries: cotton, steel, textiles, shipbuilding. Agricultural marketing boards were organised to encourage potato and milk productions. During the Second World War the two Beveridge Reports (see Powell 991) in 1942 and 1944 had been paramount in the development of the Welfare State that was to be set up after the war. Both reports wanted to offer a coverage from the cradle to the grave:

> The Plan for Social Security is put forward as part of a general programme of social policy. It is only one part of an attack upon five giant evils: upon Disease which often causes Want and brings many other troubles in its train, upon Ignorance which no democracy can afford among its citizens, upon the Squalor which arises mainly through haphazard distribution of industry and population, and upon the Idleness which destroys wealth and corrupts men, whether they are well fed or not, when they are idle. (Beveridge Report, as quoted in Harrison 445)

In *Our Partnership* (1948), Béatrice Webb described how shocked she had been to see crowds of unhappy-looking people that were roaming the streets. After the war, voters were quite ready for a change in politics, as the election in 1945 showed. Labour won the 1945 election with a large majority, 393 members against 189 Conservatives and 12 Liberals. It was committed to many of Beveridge's proposals that were inspirational to post-war laws passed by the Labour government. But Beveridge was determined to provide unemployment benefits only to the job-seekers and not to anybody who might claim them:

> All interest of employer or worker in reducing unemployment has gone; glaringly the scheme has become in many cases a means of subsidising casual industries and insufficient wages . . . . The main problem now is not that of finding an actuarial basis for the scheme as it stands. The objection to unlimited benefit as of right is not simply or mainly that of expense, but (a) that money payments

> without conditions are an inadequate and demoralising way of dealing with prolonged unemployment, and (b) that the availability of such payments encourages unemployment. There would be little sense in trying to find an actuarial basis for fire insurance in a country with no fire engines and no penalties for arson. (Beveridge: 1931 64-66)

The full employment policy[1] was expanded in another report by Beveridge in *Full Employment in a Free Society*, for which Beveridge had no official mandate. Later, in 1944, the *White Paper on Employment Policy* committed the three Coalition parties to a policy of "a high and stable level" of employment through public works and state controls inspired by Keynes (Birch 54). Though the issue discussed here is unemployment, one should not forget that from the start the Welfare State set up a comprehensive safety net which offered help in many areas: health, education, housing, financial hardship and, of course, unemployment, though the government was careful to set up checks to the distribution of benefits. This policy was in sharp contrast with anything that had been done before. All the previous insurance schemes were to be replaced by one covering all citizens. Seven laws were voted to implement the chosen policy.

The first point was the fight against want: the *Family Allowances Act* passed in 1945 granted 25 pence per child per week, but not for the first child. Then the *National Insurance Act* was passed in 1946. Everyone received the same rate of benefit for any interruption of earnings whether through sickness, widowhood, unemployment, pregnancy or old age. Pensions were paid to women at 60 and to men at 65. Maternity and death grants were also paid. Benefits applied only to those working. In 1948 the *National Assistance Act* applied for those not working.

To fight against disease, the *National Health Service Act* was voted in 1946, granting free medical treatment and medicines for all. To fight against ignorance, the 1944 *Education Act* gave every child the right to have an education up to 15 years old. Against squalor, the 1947 *Town and Country Planning Act* was passed. Local councils had to provide more low rent housing. The 1946 *New 13 Towns Act* allowed towns to be

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[1] The state must ensure full employment creating jobs and supporting pay raises to revamp consumption. It leads to better social justice since it involves the redistribution of incomes with the lowering of property incomes. The combination of business profits and social justice allows the coming of the Welfare State (See Echaudemaison 47).

planned and built by development corporations. Unemployment benefits were to be paid without any means test. Among the "Eight Primary Causes of Need," Beveridge mentioned unemployment which he considered as greatly instrumental in want, and he defined it to allow a better implementation of the law: "Unemployment: that is to say, inability to obtain employment by a person dependent on it and physically fit for it, met by unemployment benefit with removal and lodging grants" (Beveridge, para. 311, in Harrison 443). Beveridge believed the welfare safety net could only work in a time of full employment. He was therefore greatly in favour of a Keynesian policy of employment.[2]

Keynes considered social justice as a fundamental aim (Geladan et al. 368). Earlier, Keynes had been involved in politics and supported the launching of public works as suggested by Lloyd George, and fought against James Baldwin who preferred to let the market create enough jobs.[3] Beveridge and Keynes became the leaders of a new way of thinking about politics, economics and ethics: "We need a new set of convictions which spring naturally from a candid examination of our own inner feelings in relation to the outside facts" (Keynes, "The End of Laissez-Faire" in *Essays in Persuasion*, 1931, qtd. in Nicholas Deakin xii).

The Welfare State is an ideology, a new vision of society, of duties and obligations of the State and its citizens, which explains the ideological tone in the battle that the Conservatives launched in the 1980's

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[2] M. Albert says about Keynes's message conveyed by Beveridge:
"L'idée de base de Keynes est que l'emploi est lié à la croissance. Pour obtenir le plein-emploi il faut donc accroître la production nationale et pour cela augmenter la demande, au besoin en augmentant le déficit budgétaire et en distribuant de meilleurs salaires . . . . Mais la révolution keynésienne est surtout morale. Elle prêche la transgression radicale, le non-respect des règles anciennes que l'on croyait naturelles. Face à la conception puritaine, moralisante et mortificatrice de l'économie, Keynes plaide pour le principe du plaisir. En épargnant moins, dit-il, en faisant moins d'efforts pour économiser, en dépensant plus, on va dans le sens de l'intérêt général puisqu'on contribue à relancer la machine. . . . on peut tout s'accorder : des déficits budgétaires, augmenter les salaires, les congés payés et, plus tard, la Sécurité Sociale pour tous. Loin de compromettre l'avenir ou de nuire à l'investissement, la dépense publique moralement légitimée, devient le moteur même de la croissance." (Geladan et al. 367).

[3] "Une cure ultime pour le chômage . . . une impulsion de réforme monétaire qui amorcerait une reprise cumulative, détournerait les épargnes nationales de leurs investissements relativement improductifs à l'étranger, vers des entreprises constructives encouragées par l'Etat, dans le pays même, et ainsi entraînerait un regain de confiance" (Keynes qtd. in Geladan *et al.* 374).

to dismantle it and to promote the values of the previous ethical system: self-help, the return to the notion of duty and individual responsibility in case of hardships such as unemployment.

2- En Route to Welfare-to-Work (1975-2000)

As the new laws voted in the post-war period showed, a general agreement prevailed on social issues. The Conservatives accepted the idea that the State should help those who were unable to fend for themselves. Such a support was instrumental in the implementation of the Welfare State. It came from the realisation that people coming from all classes had fought together to save Britain and that the victory over Nazism had created bonds over the social divide that the nation could not overlook. Hogg said: "our cry must be 'Social democracy with Socialism.' By Social democracy I mean so-called equality of opportunity — and a basic minimum for all those who are handicapped in the battle of life or who from time to time are unavoidably prevented from making their own way" (Hogg 300). Such an agreement even led to the so-called Butskell policy, in which the names of Gaitskell from Labour and Butler from the Conservatives were linked in a common approach to Welfare: "Both of us it is true spoke the language of Keynesianism," acknowledged Butler (Butler 160).

But as early as 1955, the two major parties parted over Welfare. Labour was disappointed in the limited achievements of its policy while the Tories focused their attacks on the failure to bring about redistribution in favour of the less well-off and of the inability to keep up with growing demands. Until the mid-70's, the costs were easily met by the governments and a "stop-and-go" policy seemed quite enough to adjust to the economic fluctuations, but the first oil shock brought back record levels of unemployment. Drastic measures were therefore necessary to balance the budget. Rodney Lowe, in an authoritative study of the result of the 1945-1975 Welfare State, believed that progress had been made:

> The redistribution by the classic welfare state of both social status and power is nevertheless undeniable. Freedom from fear of absolute poverty and universal access to services such as the NHS and secondary education dramatically improved the quality of life of many. So too did the comparative job security and, above all, the sustained rise in average living standards that emanated from full employment. (293)

Lowe added: "Despite particular instances of inefficiency . . . the classic Welfare State represented a general gain in efficiency in relation to both expenditure and the distribution of resources" (295).

Economic and social policies are based on theories. Both the Labour and the Conservative parties had accepted to anchor their welfare policies on the Beveridge Reports and on Keynesian full employment. The rising costs of the benefits and soaring inflation made many politicians think again. The Conservatives were quick to turn to a more Victorian vision of society and called on Neo-Classical economists to build their manifesto. Even before Reaganomics and Milton Friedman who greatly influenced the Conservatives, Frederick von Hayek had impressed them noticeably. The most formidable criticism of the Welfare State was *The Road to Serfdom* written by Hayek in 1944. He rejected the "redistribution of incomes" which led to the "dwindling of the part of the economy in which Liberal principles still prevail" (Hayek 145), and he considered social justice an unrealistic fancy to be discarded. Supported by traditional values and by Neo-Classical economists, the Conservatives could launch their campaign against inflation, and reject unemployment as an issue which was to be solved naturally by supply-side economics. But as the Conservatives were quick to say, nobody wanted the total suppression of the Welfare State because they did not know how to deal with crowds of unemployed and poor people who had learned to rely on state allowances. It was impossible to turn them towards private charities all of a sudden, so the scheme was allowed to lumber on, suffering big cuts in the following years.

Despite ideology, capitalism needs a regulated job market. Businesses need exchange boards to meet their would-be employees; and they need educated and healthy manpower, which is only available with state funded programmes. Workers have to be able to get treatment in hospitals to return to work quickly and to be sure some kind of unemployment benefit will help them to survive while they are waiting for another job.

In the late 1970's, the Conservatives fought against the idea of redistribution of incomes which Sir Keith Joseph, a leading figure in the party and a close adviser of Margaret Thatcher said to be based on the notion of equality. The Conservatives believed that the government did not

have to interfere with the order of society, it was not responsible for existing economic or social inequality, but it had to make the work of businesses easier. This in turn would provide prosperity for the major part of society (Joseph and Sumption 103). So the rejection of the Welfare State became a key political issue in the campaign against Labour and the trade unions.

In party meetings in the 70's, Lady Margaret Thatcher felt the need for ideology: "We must have an ideology . . . the other side has an ideology . . . We must have one as well" (Thatcher qtd. in Young 406). About welfare, she reasserted the necessity of good family management, the value of independence and discipline; the importance of consumer choice in services and she rejected the exploitation of the Welfare State by the "undeserving poor," a phrase that many Victorians would have wholeheartedly approved of. One major problem that the government in the 70's and in the 80's faced was the cost of welfare in times of recession. The middle-class taxpayers felt overburdened and were reluctant to foot the bill of the rising cost of welfare, especially in times of recession and of smaller dividends.

When the Conservatives regained power in 1979, self-reliance was advocated to address the situation. Sir K. Joseph claimed that "full employment is not in the gift of governments and should not be promised" (Joseph qtd. in Young 140). The country needed "action to restore incentives so that hard work pays, success is rewarded and genuine new jobs are created in an expansion economy" (Jackson 37). Unemployment increased alarmingly from 0.6 million in 1979 to 1.7 million people in 1983. The Thatcher government applied classical remedies to the crisis. It cut taxes from 33% to 30% for the standard rate and from 83% to 60% for the top end. It increased VAT to 15% in an effort to curb inflation that went from 10% to 21% and to promote job creation in a time of heavy closures and lay-offs. It increased taxes on petrol and interest rates in 1981. A further cut of £5 billion was made to the budget in July 1981. The net cost of one unemployed person in 1983 was £7,000 a year, according to Sinfield and Fraser's *The Real Cost of Unemployment* (Newcastle: BBC North-East 1985, qtd. in Deakin 100). Unemployment shot up with mortgage defaults. Britain had to face a massive influx of school leavers as well, with few job prospects and no marketable skills.

Margaret Thatcher met the crisis blaming the unemployed for their lack of willpower. She said to a journalist working for *The Times*, on May 5th, 1983: "I cannot express responsibility for those that strike themselves out of jobs, who insist on having over-manning or restrictive practices, who refuse to accept new technology, or do not have good management, or who don't design products that other people want to have" (Thatcher as qtd. in Deakin 110). The way out for the government was clearly to cut welfare costs as much as possible. Between 1981 and 1987, from 9% to 19% of people were unemployed, it meant that 10.5% of the population lived under 50% of the average income, according to a study of the European Community (see Deakin 151).

A White Paper, *Training for Unemployment*, was issued in February 1988. Means-tested benefits were increased, benefits were frozen for three years. Supplementary benefits in 1988 excluded the 16 to18-year-olds who were supposed to be supported by their parents. The government placed a lot of hopes in better training to increase the employability of the job-seeker. The government wanted to open a "road to work." They offered new training provisions, incentives to return to work, with the Restart Scheme, based on interviews and job counselling and deterrents for those not actively seeking jobs as the law required, cutting on their allowances. The Training and Enterprises Councils replaced the Manpower Services Commission. They were launched in March 1989, but they had to obtain grants from other Government Programmes or from the private sector (Cm 1988, 316, p. 39) so that they were faced with failure. Unemployment peaked in 1986 and it went up again in 1991. Joblessness went up threefold from 1990 to 1993, from 1.3 million to 3 million people. One million people had been out of work for more than one year (*Labour Trends*, 1993).

Poverty and wealth had both increased noticeably during those years. Repossessions of houses increased fivefold in the period 1989-91. The incomes of those at the bottom decile fell from 66% of the median level in 1979 to 59% in 89, and the top ones went up from 151% of the median to 180%. This was due to the falling of direct taxation which became less progressive, decreasing from 83% to 40%. Poverty became more widespread, affecting 12 million people in 1989, meaning 20% of the population. It affected 25% of children, and 90% of the families headed by a woman were at risk (Deakin 185).

The Economist, one of Margaret Thatcher's most consistent allies wrote, on October 2nd, 1993, that Mrs Thatcher's second recession was all her own work. Homelessness, and unemployment had risen to an all-time high and many Conservatives blamed her for the wholesale destruction of small businesses. Growth from the second quarter of 1979 to the fourth quarter of 1990 averaged 1.8%, lower than any period of similar length since the Second World War. When Mrs Thatcher left Downing Street, manufacturing output was less than 6% higher than when she entered (Gilmour 70). Phrases hailed from the Victorian times. One kept on hearing politicians talking of the "deserving poor" to be helped and to be separated from the "unworthy ones."

In the 1990's the situation of the poor worsened: close to 20% of the population lived under the poverty threshold in 1998. The unemployment rate was 6% in April 1999, but such a figure does not take into account many categories of jobless people which are part of the French statistics. Because of low unemployment allowances, 830,000 persons did not register voluntarily. Because they are not immediately available, 1.7 million people would have liked a job but could not get one. In Britain one had to be ready within twenty-four hours to be registered. Many women accept part-time jobs because they do not have child day care centres in the vicinity. While 25% of the British are part-timers, only 12% want to be working this way ("Le laboratoire britannique, une vitrine trompeuse").

Margaret Thatcher had launched the *Project to Work* in which people unemployed for more than two years had to go to job interviews and counselling. The new consensus in British politics is in favour of individual responsibility. Labour won the 1997 elections and Tony Blair tried a new approach to curb unemployment, mixing Conservative and traditional Labour policies.

Tony Blair and New Labour are implementing Welfare-to-Work. This scheme, which is part of the 1997 Labour Budget, offers four options to the unemployed: one can either have a job in the private sector, or work in the voluntary sector or join the environmental task force or study full-time on an approved course. Employers are given £60 per week rebate for six months to encourage them to take on young unemployed persons. The young unemployed person who refuses one of the four options will lose all

his or her benefits for the first two weeks, if there is no "just cause." After two weeks, claimants will receive benefits at 60% of their full rate. Those who refuse one of the four options a second time will have their benefits stopped for a month. New Labour wants to put people back to work and to show them, as Tony Blair said on *Sky News* on September 7th, 1999, that "Work pays more than benefits." The government hoped to find 250,000 young people for its scheme.

But employers complained of low motivation and the lack of skilled people. They said that state subsidies do not compensate for the time lost with the new recruits (Driver and Martell 108). New Labour has been under attack with this new scheme which seems like its American counterpart, the workfare system, installed by Bill Clinton. Gordon Brown, the Chancellor of the Exchequer, said: "This is not workfare in the sense that it is understood — as the penalising of the unemployed for being unemployed, and asking the people to work in return for their benefits" (Driver and Martell 113). But welfare-to-work is compulsory, so from that point of view it is workfare, no matter what the British politicians want their electorate to think. It is truly based on the American policy of the 1990's.

The Commission on Social Justice argued against subsidised jobs commanding low salaries: "Workfare . . . tries to make unemployment disappear by converting it into public works programmes paid at benefits plus a weekly top-up. But the long-term unemployed, like everyone else, want to work for wages, not for benefit or benefit-plus" (Cm 1999 183). In September 1999, Tony Blair added tax credit, as a new step to encourage jobless people to give up state benefits and go to work. British families will receive £200 per week as tax credit—this money is attached to monthly income in order to guarantee at least £200 a week per family—, then they will be granted better child care if both parents work or if the single parent gets a full-time job. The bread winner will be guaranteed better wages thanks to decent wages that companies should pay in compliance with the minimum wage regulation. A family which has an income of £17,000 *per annum* will be £55 better-off each month, due to the tax credit system. A full-time worker will be given up to £63.35 a week, and £25.95 per child a week. A parent who wants to stop state benefit and start working will be given £105 for child care.

Again, it looks like what the Clinton administration is offering U.S. citizens. British economists point to America to show that they are choosing a good way to revamp the economy and to curb unemployment. But the problem is that American experts do not advocate the policies Britain has been implementing. Alan Greenspan, Chairman of the Board of Governors of the Federal Reserve System, "allowed the U.S. economy to grow at rates which would have caused apoplexy in the inflation-obsessed corridors of the Bank of England" (Driver and Martell 112) and Robert Reich, US 22nd Secretary of Labor, advised the British to "run the economy at full tilt. Fiscal and monetary policies should be designed to maintain adequate demand, at nearly full employment" (Driver and Martell 113).

Naturally the ultimate goal is to turn the economy around, which will lead to a fall in unemployment. Advocates of the scheme argue that life-long training will make people more employable, more mobile and that they will be able to command higher salaries. "MacJobs" are not for ever, such is the doctrine. But is the demand high enough for increased quality in labour? Companies are supposed to need well-educated and skilled people, but what about the others? Companies are afraid to be made to hire rejects from the job market and use that point to offer them lower salaries than the newly hired workers might command.

Keynesian or liberal economists on the one hand, and sociologists on the other, are facing the issue of structural unemployment in a modern world where the poor are educated and refuse to be considered as a "residuum" to be eliminated. Whole areas of business are affected because developed countries have been enjoying a mass consumption economy recently. Such was not the case in the nineteenth century. The consequences are not the same. For instance, small businesses are starting to feel the pressure of the slowing down of mass consumption, and many failures are due to the lack of spending from the working classes and the lower middle classes. House repossessions are on the rise and deflation could be looming. A third oil shock might add to the difficulties and make unemployment increase again dramatically. Such an event should not be discarded too fast, because the price of crude oil has been soaring since the summer of the year 2000. The real consequences, both short-term and long-term, have to be studied carefully from the economic, social and business points of view. A lot of businesses

benefited from the rising of the standard of living. These days, a host of books and articles are published about the increase of poverty, and they suggest possible solutions. One which is mentioned in many of those papers is the return to a Keynesian type of economy, or to a policy which might borrow heavily on the Beveridge reports.

The gap between the rich and the poor is widening rapidly. It is wider today than in the time of Dickens. Some economists are surprised that the classical economy did not succeed in erasing poverty from the surface of the earth. Politicians and experts at the end of the nineteenth century felt sure that drastic measures in the workhouses, for instance, would deliver and that soon the country would not have to deal with that problem anymore, and this explains the harshness of the policy: the food rationing, the separation of the sexes to avoid the production of more poor people, the colonies of work where rehabilitation was the order. But poverty is still here to stay and is rising, and with it mass unemployment. So some economists are trying to look at reality from a different angle to see if the solution could come from an unexpected perspective. Tony Blair has put his hope in the Third Way, believing it could be the best for the country. In any case the only winners in case of a successful policy will be the poor and the jobless if their number shrinks noticeably.

Conclusion

One question seems to re-emerge from older times after all those decades of mass unemployment. What if there is not enough work for everybody? Could a government demand of its citizens to find a job that does not exist anymore or put the blame on them calling them lazy in case of failure? This is the point of view of some journalists, economists or experts such as Jeremy Rifkin who wrote an international best-seller, *The End of Work,* in 1995. It was translated into French in 1996. Rifkin quoted several newspapers, books, economic reports, statistics and forecasts to say that developed economies have already lost 40% of jobs since the end of the 60's and that the trend will accelerate. Blue collar and unskilled workers are not the only losers but junior executives, bank clerks, people in trade and in insurance can be laid off. All this is due to computerisation and automation, to re-locations in Third World nations and re-engineering. Heads of department will go because of the necessary change in the hierarchy in companies. Even managers can be part-timers or temporary workers. Rifkin describes the technological revolution that will allow people

to work far from their homes. He warns as well of the genetic and biological revolution that will transform agriculture so drastically that most plants will be produced in laboratories and no longer by farms. Sociologists are already working on the concept of life without work and they try to imagine or to reawaken a style of living without it ("Life on the Leisure Track"). The question is still hanging: What will people do to earn their living if there is not enough work for everybody? To ask that question is to reject a very basic economic idea expressed by J. B. Say, a French physiocrat, that each product creates its own market, so each worker should be able to create his own market or to accept a job even at a subsistence level. That is what Lady Thatcher said when she addressed the jobless. But other experts, raising the fear of a shortage of work, are calling for a reassessment of the market economy. As Rifkin said, they are discussing the future of a society where the poor are not needed and where even extremely low wages are too expensive for the companies who can use computers and robots in developed countries or find slave work or child labour elsewhere. Keynes also anticipated the end of work and suggested reducing working hours to fifteen a week to postpone this event as long as possible (Rifkin xvii). So this debate is really at the heart of our economy and of the world as we know it. Milton Friedman suggested another approach to the problem. He talked of negative taxation to allow people to get an income when they cannot find a job (Rifkin 341). Bill Clinton and Tony Blair used that idea when they talked of tax credit to stop state paying benefits to unemployed people.

Readers of the Bible, and they are many especially in a Protestant culture such as Britain or the United States, know that Adam was condemned by God to work, so to live idle is a sin. Work is part of our civilisation. That explains the scorn that idle people encounter. Psychologists explain that to work is not only a way to get money but it is also a way to build something, to invent, to create, to get social status and to build a positive self-image. Work is rewarded in many ways. So the deprivation of work affects individuals on many grounds.

The unemployed are very different from the leisure class described by Veblen in *The Theory of the Leisure Class* written in 1899. The poor do not have any money to spend on luxury goods: time for them means boredom and despair and not a chance to travel and enjoy what the world has to offer. They have lost something precious to them and that

loss can lead to self-destructive behaviour, for instance through alcoholism or drugs, which enhance the low self-image that they may have of themselves and push them even further down. Unemployment benefits allow the jobless to survive and to provide for their families, and they are therefore paramount.

Rifkin approved of the French "RMI"[4], that seemed to him close to that concept of universal income suggested by the 1967 American report on a universal income to be paid to everybody in need. Any citizen should receive an allowance from the State to help him to survive through hard times (Rifkin xv). Such a scheme would be similar to the scheme put forward by Yoland Bresson who was in favour of a "*Revenu d'existence*" that would be paid to everybody from their birth to their death and that would be deducted from their salary when they work.[5] This grant would replace all other allowances. The amount calculated in 1990 was FF 1500 a month (Bresson 201). For Bresson, the most important thing is time to do as one pleases, charity work or more traditional work. Money should just be granted to help to keep soul and body together. But will time or voluntary work or creativity be enough to put an end to the unemployment issue, and contribute to the building of a post-work civilisation?

Joëlle HAREL[6]

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[4] *Revenu minimal d'insertion*

[5] "Le revenu d'existence n'est pas la quantité de monnaie qui se calculerait comme juste suffisante pour couvrir les besoins indispensables, minimum. Ce n'est pas un minimum vital. C'est la contrepartie de la reconnaissance de la personne, de son appartenance à la communauté. Le revenu d'existence se constate comme le résultat de la productivité passée et présente de tous. Chaque être est un élément du corps social, il vit avec lui au rythme de son mouvement économique . . . . Toute activité réelle, tout échange de temps, est une création de valeur" (Bresson 195).

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