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## Producing new welfare spaces: local labour market policies in the UK and Denmark

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**PRODUCING NEW WELFARE SPACES  
LOCAL LABOUR MARKET POLICIES IN THE UK AND  
DENMARK**

**VOLUME 1**

**DAVID ETHERINGTON PhD. 2004**

## **ABSTRACT**

### **PRODUCING NEW WELFARE SPACES: LOCAL LABOUR MARKET POLICIES IN THE UK AND DENMARK**

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**Submission for PhD, September 2004**

One of the significant features and characteristics of the 'post Keynesian' shift in the welfare state or settlement is the emergence of 'workfare' as a dominant policy regime. Workfare involves supply side economic and social policy in the management of the unemployed and reserve army of labour. Social benefits are increasingly conditional on the unemployed participating in employment and training programmes. These policies are related to a dominant neo liberal politics whereby the market, including 'employability' and work, is seen as a route out of social exclusion. The thesis explores this theme through a comparison of two diverse welfare systems – the UK and Denmark. Through a comparative analysis, the thesis explores how far workfare is in fact a new 'mode of social regulation' or constitutes just a key element of restructuring of the contemporary welfare state. Two central elements of welfare restructuring are explored. First relates to the decentralisation of policies to different spatial scales: localities, cities and regions. Two case studies are chosen, Sheffield (UK) and Aalborg (DK), to explore the dynamics of spatial re-scaling of welfare and the politics of geographical uneven development, revealing that the local is a site for innovation and adaptation and as a consequence plays a crucial role in mediating national policy production. Second, as welfare is a social construction, political agency and actors within welfare-work policy regimes such as trade unions, community and social movements are of central importance to contesting and negotiating workfare at different spatial scales, including the locality. The central argument of the thesis is that 'localisation' as such involves the production of new welfare spaces which is

inherently contradictory, unstable, prone to crisis and contested. The research argues that an understanding of the role of the 'local' as such is of importance to any assessment of future welfare trajectories.

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TITLE OF THESIS: "PRODUCING NEW WELFARE SPACES: LOCAL LABOUR MARKET POLICIES IN THE UK AND DENMARK."

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“Thus as soon as the workers learn the secret of why it happens that the more they work, the more alien wealth they produce, and that the more the productivity of their labour increases, the more does their very function as a means for the valorization become precarious; as soon as they discover that the degree of intensity of the competition amongst themselves depends wholly on the pressure of the relative surplus population; as soon as, by setting up trade unions, etc., they try to organise planned co-operation between the employed and the unemployed in order to weaken the ruinous effects of this natural law of capitalist production on their class, so soon does capital and its sycophant, political economy, cry out at the infringement of the ‘eternal’ and so to speak ‘sacred’ law of supply and demand.” Karl Marx, *Capital* Volume 1, p 793.

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## CHAPTER 1 INTRODUCTION: TOWARDS WORKFARE STATES?

In recent years there has been a proliferation of studies on the increasing role and importance of labour market or 'supply side' policies as part of wider changes in the 'post Keynesian' welfare state (see Peck 2001a in relation to US, Canada and UK and Lødemal and Trickey 2001 for Europe and the US and Finn 1997 for Australia).

Jamie Peck argues that this shift to what he describes as workfare "involves the imposition of a range of compulsory programmes and mandatory requirements for welfare recipients with a view to *enforcing work while residualizing welfare* (Peck 2001a: 10). Workfare, he suggests, represents an offensive against the welfare state and is integrally connected to and driving neo-liberal globalism (Peck 2001b). Peck, drawing on his comparative study of the US, Canadian and UK labour market programmes, outlines three essential ingredients to workfare programmes;

- The strong element of compulsion that means that benefit claimants are required to participate in schemes that are on offer. This, for Peck, contrasts with the previous regime of welfarism, which focused more on entitlement and voluntary participation.
- Organisationally the system is much more geared towards the labour market and channelling or funnelling claimants into employment based programmes. This contrasts with a more bureaucratically administered system based on eligibility and management of benefits functioning as social protection which characterised the previous welfarist model.
- Workfare pushes the poor into the labour market rather than sanctioning non-participation through social protection, which was a key feature of the former welfarist system (Peck 2001a).

Taking the US as an example, Peck provides ample case studies of different 'models' of workfare, which evolved through the 1980s Reagan administrations and into subsequent Republican and Democrat administrations of the 1990s. They rely heavily upon decentralised welfare administration but under a highly restricted spending regime. This says Peck tends to depoliticise the policy making process because of the way many decisions and debates about the shape and direction of the programmes as such is taken out of the arena of federal political representation. Local 'workfare' models (at the state level and below) have evolved around specific labour market and political circumstances, which have led to the development of two 'ideal' models. These are the Labour Force Attachment Approach (LFA) and Human Capital Development (HCD) (Theodore and Peck 2001). The LFA approach tends to provide assistance into work and is a fast track system where support is provided through job clubs, client counselling and streamlining job search systems. HCD is more focused on training and education, providing other support services (such as childcare) which provide access to the labour market. There is a long term planning role in this model with the underlying belief that a more sophisticated social infrastructure will facilitate a more flexible labour market in terms of movement between work through greater skill enhancement.

Peck argues (see also Theodore and Peck 2001), that trans-national policy transfer is an important dimension of welfare/workfare state construction in developed capitalist countries. Much of the New Deal for Unemployed in the UK he says is 'inspired' by the implementation experience of workfare in the US. Furthermore decentralisation and the devolution of programme delivery at the local level are identified as integral features of the wider geo-politics of state restructuring. This places some emphasis upon the increasingly important aspects of spatial uneven development, differences in local

labour markets, politics and institutional regulatory practices as both outcomes and stimuli to restructuring strategies. Spaces of regulation emerge which are contingent on local labour market conditions, particularly the demand for labour. Peck suggests that the regulatory fix of workfare is emerging out of the crisis of the post war welfarist system. It is crisis prone and contradictory and how it will unfold is contingent on a complex series of economic and political processes.

Lødemal and Trickey (2001) consider that the term workfare has a different meaning in Europe from the US and UK discourses because the shift from passive to active policies – or activation/active labour market policies - involves redesigning programmes that combine workfare with demand side elements. Apart from the UK, other EU and Nordic countries are redesigning their welfare systems to accommodate a greater role for active labour market policies. There is a strong ideological dimension to workfare in which work is seen as a means by which people can move out of being 'dependent' upon welfare and out of social exclusion.

For Lødemal and Trickey workfare links what have traditionally been seen as two independent components of welfare states – labour market and social policy. In this comparative work, there is an emphasis on the variation of programmes within Europe and the underlying differences with the US (drawing on case studies in Wisconsin, New York and California). Policy transfer is also prevalent and Scandinavia is credited as the inspiration for 'activation,' and the role of trans- national institutions is also identified. So, for example the Organisation for Economic Co-operation and Development (OECD) is seen as instrumental for promoting supply side policies within EU states (Lødemal and Trickey 2001:13).



Finn's study of Australia (Finn 1997) underlines the point about the extent to which active labour market policies and workfare have become generalised within developed capitalist nations. In the mid 1990s the Labour government in Australia published a White Paper "Working Nation" which set down a strategy for reforming the benefit system and expanding active labour market measures as a means for achieving full employment. Part of this programme involved Job Compacts in which the long-term unemployed were guaranteed either a temporary job or training place. Finn's findings concur with Peck's conclusions about the degree of 'policy failure' built into such programmes as many people involved in the programmes could not compete with 'insiders,' because they became locked into occupationally and geographically segmented labour markets. Furthermore, the measures served to reinforce exclusion by forcing people into low paid and insecure jobs. Furthermore the failure of the Australian economy to deliver the jobs growth predicted in Working Nation undermined the Australian welfare to work programme (Finn 1997: 70-71). Finn also argues that the Australian Labour government's policies had a significant influence on the British Conservative Government (in the introduction of the Job Seekers Allowance) as well as New Labour. Interestingly Finn's study suggests since Australia's Job Compact model is a source of inspiration for the UK's New Deal, the US is not the only source of inspiration for the Blair Government's Welfare to Work programme (see also Johnson and Tonkiss 2001).

A number of issues or questions are raised by these studies.

First, whether we are experiencing some sort of transition to a new welfare regime or settlement or moving towards a workfare state.

Second, the extent to which newly emerging 'workfare regimes' are contested and the extent to which the role of mobilisation and political agency is an important dimension of this change process.

Third, the role that space and place or locality are playing in the configuration of a new welfare and labour market settlement.

### **Towards a new regulatory regime?**

What is without contention is that a significant shift has occurred in welfare states or settlements, as reflected in the newly dominant discourse of social inclusion or insertion. Furthermore, as Peck has emphasised, there is no doubt about the role workfare has played in undermining traditional Keynesian redistribution politics and discourses. What is debatable is whether workfare is an "alternative mode of regulation" and whether in most advanced capitalist countries we are moving towards a workfare state (Peck 2001a: 15). There are three reasons for this questioning which constitute the central concern of this research. First, what is occurring could involve more continuity than fundamental shifts. In the case of the New Deal in the UK, Gray (1998) argues that New Labour has basically extended the workfare framework established by the previous Conservative government. But we may need to track back further, and as Hughes (1998) argues, the original post war UK welfare settlement was constructed around welfare and social policies closely tied into the operation of the labour market. The historic legacy of workfare goes back further as "the move towards workfare also implies a shift back towards the Poor Law's notion of less eligibility" (Cochrane 1998: 234).

Second, it is important to consider the role and nature of globalisation. Peck and Lødemal and Trickey have different views about globalisation and welfare. For Peck, 'neo liberal globalisation' is generated and pursued outside and inside the boundaries of the nation state, but has radically different impacts and outcomes on different national welfare settlements. For Lødemal and Trickey welfare states seem to 'respond' to globalisation – as if globalising processes are exogenous factors. Much contemporary literature including Peck and Lødemal and Trickey tend to draw at least partially on the work of Esping Andersen (1990, 1996) for constructing analytic frameworks. Yet Esping Andersen's framework involves some notion of 'power resources' and political mobilisation (see below). His approach to labour market regulation involves a more 'integrated' approach that connects processes such as employment rights, industrial relations, labour market policies and benefit regimes, which together shape labour market restructuring (Esping Andersen and Regini 2000, see also Peck 1996). This, thirdly, raises the questions of how to theorise and interpret the impact of a relatively narrow policy regime (such as welfare to work/ activation) on the wider welfare settlement.

### **The importance of political agency**

According to Huber and Stephens (2002) social and political forces acting through the state are shaping paths or trajectories, which are of significant importance for identifying underlying differences between national welfare systems. This raises a general issue about how far social forces are negotiating, modifying and reconfiguring the development of workfare and welfare. This is virtually ignored in Lødemal and Trickey's

book and Peck considers that opposition forces and movements formed during the previous welfare era tend to be anchored at the national level. Local based mobilisations may be effective, but in a limited fashion and will most likely have little impact on national regulation (Peck 2001a: 363). Peck suggests that political struggle is insufficiently multi scaled and layered to be of significant influence although at the end of his book he concedes that local resistance can be important materially and symbolically (Peck 2001a: 366).

Scale and layers are socially constructed and contested and there exists a political geography in the way unions and labour/social movements engage with and contest dominant discourses operating at various spatial scales (Herod 2001). At the EU level 'employability' is being questioned through transnational action and coordination (Pascual 2001). Mizen (1998) argues that there is defiance and opposition even at an individual level by claimants which challenges regulatory practices whilst collective 'involvement' by the unions and voluntary sector is influencing politics and policy at different levels of governance (Pike, O'Brien, and Tomaney, 2001, see also Wills, 2001). Furthermore, Peck's definition and concept of mobilisation and its impact are essentially one-dimensional. Many social struggles contain a cross cutting dimension. The struggle against workfare has a number of routes and channels and can involve challenging complementary political agendas such as employment and demand based strategies (Etherington 1997a, Etherington 2004). Furthermore, as highlighted by Crouch (1999), union involvement in labour market and social programmes in Europe is often taken for granted, but their lack of involvement in welfare policy formation in the UK is a case of "British" exceptionalism. This raises a theoretical and analytical issue of the extent to

which industrial relations and actor representation can be excluded even from US and UK studies.

### **The role of space and place**

The above discussion of politics and agency serves to underpin the dialectical relationship between the social and spatial. The notion of scale in the analysis of the welfare – and capitalist - state focuses attention on the complex range of strategies which unfold at local/regional/national/transnational levels of government and governance. The welfare state embodies a variety of political strategies, reflecting the role of different social and class based movements in shaping policy discourses and priorities. In short, the notion that local level politics is involved with the implementation of national programmes is deductive at best. Local actions shape events at every level including the global. The reason why it is fundamentally important to integrate these issues into any study of welfare and work is that an important element of welfare state change is the 'rise of local economic governance' (Jones 1999, Eisenschitz and Gough 1993 see Gough 2003a). Labour market programmes are devolved to localities, which puts into sharp focus the way uneven spatial development itself configures the local politics of workfare. The question of how 'localisation' – struggles, coalitions and mobilisations of social interests are articulated in the shifting terrain of welfare politics is of central importance to this study.

## Focus and Structure of the Research

The focus of this study is on welfare and work through an exploration of local labour market regulation in the UK and Denmark. Within Esping Andersen's typology (Esping Andersen 1990) these two countries represent quite contrasting welfare regimes or settlements, so, focusing on them may illuminate and assist in explaining some of the crucial features and dynamics of welfare restructuring in developed capitalist countries.

Chapter 2 explores some key theoretical and methodological issues by building on the work of Jessop. This chapter develops the argument that whilst regime typologies can help to provide a useful analytical framework, there are problems relating to particular questions about the significance and role of globalisation. The concern here is on what it means and how it inter-relates with welfare politics, definitions and concepts of agency/political struggle and how spatial processes are integral elements. As Yeates (2001:3) argues, academic study (for example Esping Andersen and others) tends to take the national sphere as its starting point whilst in fact welfare changes cannot be just read off from global processes since they are dialectically or reciprocally related. This chapter critically explores amongst others the work of Jessop (see 2000a and 2000b, and 2001) whose approach (essentially drawing on Marx's critique of capitalism) is distinctive in two respects. First he argues that the concept of crisis and conflict/contradiction is endemic to capitalism and globalisation – a concept that needs to be applied to analyses of welfare states. Second, his approach provides some conceptual and analytical links between the issues of agency, spatial scale, and path development. Jessop also highlights the way his approach can be useful in identifying different 'capitalisms' and exploring the implications of doing so.

Chapter 3 teases out and builds upon some of the main themes of this critique by constructing a framework that incorporates geographical concepts of space, scale and place in relation to analysing welfare settlements or regimes. Chapter 4 applies the theoretical concepts introduced in chapters 2 and 3 to develop an analysis of the politics and spatial rescaling of workfare and welfare in Europe as a way of understanding the relationships between national/global and local. This can be used for interpreting the UK and Denmark and the two cities, Sheffield (UK) and Aalborg (DK) which have been selected as case studies. The two urban areas share similarities in terms of their geographical 'peripheral' locations, labour traditions in terms of labour movement politics, and because each has undergone substantial industrial restructuring over the past 20 years or so. However there are important differences in terms of the nature of social mobilisation and local partnerships/institutional frameworks. In Aalborg, both the trade unions and local government have been actively involved in formulating labour market and training policies through tripartite organisations such as the Regional Labour Market Councils. This involvement has led to the implementation of innovations such as Job Rotation – a form of work sharing which has now emerged as a substantial European Network. Similarly, Sheffield has been the focal point of initiatives and experimentation in relation to the New Deal Programme (Sheffield was one of the 12 Pathfinder Areas), and employment strategies are currently being formulated through the Objective 1 European Programme. But interest representation tends to involve a more fragmented polity than in Aalborg via a variety of voluntary and community interests channeled through the various partnerships structures.

Chapter 5 analyses the UK welfare reforms of New Labour, in particular welfare to work and the New Deal for the Unemployed. The New Deal is critical to New Labour's politics of inclusion and represents a much more concerted strategy of reorganising welfare around labour market integration. There are conflicts and contradictions around this strategy especially given the underlying geographical as well as social aspect of inequality associated with labour market restructuring. The focus here is on these factors and the response and engagement of interests in the welfare and labour market reforms. Chapter 6 considers how these reforms are implemented in Sheffield. Because of the importance of decentralisation in the delivery of welfare and labour market policy, focusing upon a city case study provides a more richer and complete picture in terms of the link between local national and of course the global. Chapter 7 analyses welfare and 'activation' in Denmark, specifically since the reforms of 1994 which represent a significant point of departure given the shift towards a more 'workfare' element to welfare policies. Chapter 8 considers how these reforms are implemented in Aalborg. Chapter 9 will draw together some of the main issues of convergence and divergence between the two countries and how this provides further insights about contemporary and possibly future trajectories of welfare and work and the construction of new welfare spaces.

### **Research Framework and Methods**

The research utilises a Marxist and political economy approach which centres both structure (such as institutions) and agency (the behaviour and more importantly the struggles of social classes and actors) and in particular the dialectical relationship between the two. The focus of the research is on two areas. The first is labour market



policy and in this respect upon an understanding of the nature of the capitalist welfare state (as an institutional ensemble) in which its activities, functions and mode of intervention are shaped by as well as shaping the reproduction of labour and the wider labour market. The second focus is on the spatial construction and dynamics of this process. The essential ingredient of a Marxist critique is that, as Marx wrote in exhaustive detail in *Capital* Volume 1 (Marx 1976), capitalism is defined through class struggle in that economic change and capital accumulation cannot be divorced from an understanding of the struggles between 'capital' and 'labour.' The other important element of his theory is that capitalism is subject to inherent tensions and contradictions. Perhaps the central contradiction which is key to the topic of this thesis is that capital accumulation involves a process of restructuring which has a tendency for labour to be replaced by capital through the deployment of 'efficient' production methods. Unemployment and surplus labour are outcomes of this process and undermines accumulation because the lowering of incomes which unemployment and labour market marginalisation brings about adversely affects the demand for commodities. Unemployment also can undermine capitalism because of the social and political consequences of poverty, which can give rise to social instability and unrest. At the same time, unemployment is an important condition for capital accumulation as those capitals, which expand, can draw on what Marx termed a reserve army of labour. Capital accumulation and the changing nature of the labour market in relation to employment and unemployment (or the reserve army of labour) over time and place have important consequences for the patterning of state intervention in the social reproduction of labour, and how this in turn influences the accumulation process.

In addressing the research questions outlined above the *approach taken has been to explore the inter- section of labour market processes, the social reproduction functions of the state and labour market regulation and policy regimes within a theoretical understanding of how these processes both shape and are shaped by space.* The chosen case studies of the UK and Denmark are intended to assist in this process because of their contrasting traditions of economic, welfare and political relations. Analysing two diverse 'models' of welfare enables an understanding and interrogation of broader processes of globalisation and economic restructuring which is undertaken by the literature reviews in Chapters 2 and 3. By considering the cases alongside each other it is possible to identify some common trends as well as differences in welfare and labour market policy. The national cases also help to set the context for an exploration of the spatial construction of welfare within the nation state. Geographical differentiation and uneven development which underpin the relationship between the national and the global are explored through city case studies, Sheffield in the UK and Aalborg in Denmark. The city case studies are chosen on the basis of their positions within the urban hierarchy in the two countries, their economic, social and political histories and geographical positioning as peripheral urban settings. Similar trends of de-industrialisation have occurred in these cities, which highlights some key issues about geographical uneven development as an integral element in city politics and labour market strategies. The national and city case studies within an overall context of contemporary globalisation trends make it possible to generate insights into the role of space, place and scale in the construction of contemporary welfare politics.

In choosing two city case studies, Sheffield (UK) and Aalborg,(DK) the purpose is to analyse the operation of welfare to work/workfare in two cities with similar political

traditions and geographical proximities to the capital city regions, they are undergoing parallel trends in terms of de-industrialisation, re-industrialisation and labour market restructuring, whilst situated in countries comprising quite contrasting welfare and social policy regimes. The UK welfare is classified as a liberal 'regime' in Esping Andersen's typology and is characterised by low levels of benefits, relatively low rates of spending on vocational training and active labour market policy and only a marginal involvement and influence of the labour movement and trade unions in labour market and social policy. By contrast, Denmark is characterised as Social Democratic being a highly 'redistributive' welfare state with relatively high levels of social transfers and investment – including active labour market policy – and a tripartite corporatist model which includes trade unions, employers and the state in relation to policy formation. The city case studies can therefore assist in providing insights into how specific patterns and configurations of local welfare politics and policy regimes are constructed out, as well as mediate quite contrasting national welfare policy interventions and processes. The emphasis here is on the importance of analysing contrasting 'regimes' as a way of challenging generalisations and assumptions about, for example, the way global neoliberalism is shaping the 'local'. Using two case studies provides an opportunity for a more detailed study of how local welfare spaces are being constructed in the context of and in relation to wider global economic and social processes. The case studies also help to deepen a theoretical understanding about current tendencies in restructuring of the 'post keynesian' welfare state. The use of two contrasting countries and cities makes it possible to question the extent to which any particular case might be seen as 'normal' and taken for granted which might arise from an narrow focusing upon one case study. Furthermore, the importance of focusing on the cities enables the research to

interrogate and explore the significance of the local within the discussion of changes underway at other 'levels' (or scales) of policy and governance of welfare.

Central to the research methodology is therefore the *deployment of case studies*. As Peck states;

The appropriate role of concrete research in such a context...is to investigate the working out of causal processes or tendencies in different settings, to trace the effects of contingent interactions, and to corroborate and triangulate findings in relation to extant and (emergent) theoretical positions (Peck 2003a:781).

Whilst the city case studies are chosen because of their explanatory power in highlighting processes of uneven development and of local labour market intervention, they are also chosen because of my own relationships with these cities as an academic and practitioner. During the 1980s and 1990s I was a senior policy officer involved with Sheffield's urban and economic strategies. Whilst employed at the University of Huddersfield (between 1994 and 2000) I undertook consultancy research for Sheffield Training Enterprise Council (Etherington et al 1999) which involved a study of the labour market institutions and local partnerships. This provided me with a useful foundation of background knowledge and contacts to undertake the PhD research.

With Denmark and Aalborg I have also had long standing contacts in a research capacity. I lived and studied in Denmark between 1973 and 1975 when I learnt to speak reasonably fluent Danish. In the early 1990s I undertook some research on the Danish Free Local Government Initiative (FLGI) which involved North Jutland and Aalborg as case studies (Etherington 1993). This was a programme primarily designed to promote more local autonomy and innovation within local government and one outcome was the

emergence of programmes of regional industrial modernisation and experiments with labour market policies. Some of the debates about local authority involvement in training and employment based experienced for the unemployed were fed into the think tanks behind the labour market and welfare reforms of 1994. My attention turned to these developments and Aalborg's history, and traditions of a strong labour movement and welfare traditions have provided a valuable insight in terms of how these reforms have been adapted in the city (see Etherington 1997a, 1997b). Contacts established in the city (including those who I have known for many years who are actively engaged within local politics and within the sphere of labour market policy) have provided invaluable assistance with this research programme.

In terms of the *research design*, the following steps were undertaken. The first step at the early stage of the research programme was to undertake an initial review and research meeting with contacts already established or recommended to interview. This involved informal discussions with officials involved with labour market policy and collecting background material in relation to roles responsibilities of organisations within the area of local labour policy. In Sheffield contact was made, for example, with the Employment Unit of the City Council and a meeting with the Head of the Unit provided an invaluable conceptual 'map' of labour market policy and governance within the city. In Aalborg meetings were held with a small number of people working for the trade unions, local government and Regional Labour Market Council. A number of interviews and informal discussions were held with an independent consultant who was formerly a full time union officer, but also has had considerable involvement as a representative on the boards of a number of key labour market institutions in the city. Similar to Sheffield, this exercise also enabled a conceptual 'map' of labour market policy to be drawn up as well

as providing access to unpublished documentation. This 'scoping study' involved highlighting the key institutions involved in policy making and implementation, and their role within the overall process of governance at the national and local level. This step provided the opportunity to pilot questionnaires.

A stakeholder analysis was undertaken which involved interviewing a cross section of different representatives of organisations who had a 'stake' and 'interest' with labour market policy. Appendices 1 and 2 show the organisations/officials interviewed for UK/Sheffield and Denmark/Aalborg.

Structured and semi structured interviews were undertaken with 'key officers/workers' identified through a cascading process. This involved interviewing officers/officials on the recommendation of contacts already established when the research commenced.. The questions were drawn up from a prior knowledge of the institution obtained during the scoping study and were therefore geared to the specific institution. Examples of interview schedules for Aalborg and Sheffield are contained in Appendix 3. A variety of interviewing techniques was used. For the institutional mapping exercise, in most cases questions were sent in advance prior to the interview to help set up a semi-structured interview as a way of obtaining up to date information on organisational roles and responsibilities. The same approach applied to the social groups but several of the interviews were also unstructured. *These interviews were the key sources of primary qualitative and quantitative data.* However, primary data was also obtained through the collection of unpublished papers, reports and documents produced by various institutions identified in the mapping exercise. It is relevant to emphasise here the importance of the role of the interviews as a means by which access could be provided

to a range of up to date and not generally widely available documentation and data/information sources which formed the basis for the case study analysis. In many instances interview time was used to clarify and explain complex data sets. Appendix 4 shows primary sources for Sheffield and Appendix 5 shows the primary sources for Aalborg.

It would be useful to identify here two constraints on time and resources. First was the amount of time involved in gaining access to interview officials in Job Centre Plus in Sheffield – a vital source of information in relation to unit of delivery statistics for the New Deal for Unemployed. Another constraint related to the amount of time required to translate a considerable amount of material in Danish. In Aalborg, some people were re-interviewed in order to clarify my own translations of Danish sources. As a consequence there was less time to cover other 'interests' or 'stakeholders' such as the unemployed and representatives of the business communities within labour market policy. These interests are important although their 'voices' and articulations within the policy making process have been gleaned through interviews with other social groups and policy makers who have a close relationship with them. For the unemployed this includes the trade unions and voluntary/community sectors and those involved in unemployed pressure groups, and for businesses, representatives on the boards of partnerships who have regular contact with business representatives. In both Sheffield and Aalborg, the local press has been an invaluable source of information on obtaining the views of the business community in particular and less so for the unemployed (especially in Sheffield).

Secondary data was collected from a variety of sources including published articles, newspaper articles, and government statistics. An invaluable source of secondary data was evaluation research undertaken whilst completing the PhD or just before the start in 2001. Examples of this include the Mid Term Evaluation of the Objective 1 Programme undertaken by Sheffield Hallam University and Leeds Metropolitan University, a report on gender segregation in South Yorkshire undertaken by Sheffield Hallam University and an assessment of the South Yorkshire Economy by EKOS Consultancy. Interviews with researchers responsible for evaluation research on Objective 1 and gender segregation was undertaken in order to follow up and interrogate some aspects of their research findings. In Aalborg, interviews were also undertaken with academics responsible for evaluation research on the local and regional labour market policy, and on some of the national policy programmes.



## **CHAPTER 2 DEVELOPING A FRAMEWORK FOR ANALYSING THE RELATIONSHIP BETWEEN WELFARE AND WORK**

### **Introduction**

The previous chapter has posed some questions about the future direction of welfare settlements, their contradictory and contested character and the key role that space and locality plays in these complex processes. One way of understanding changes and shifts is through an analysis of divergent welfare systems. It is for this reason that the UK and Denmark have been chosen as case studies. Jessop's work is particularly helpful in constructing an effective framework to underpin this analysis.

The importance of Jessop's approach lies in his critique of the capitalist state and its relationship to the contradictory and crisis prone nature of capitalism as an economic and social system. This is explored in the next section. This perspective assists with an understanding of the nature of the welfare state in relation to the reproduction of labour and the reserve army of labour and some of the crises and contradictory tendencies that are inherent in welfare restructuring which is the subject of the following sections.

### **Building an Analytic Framework from a State Theoretical Perspective**

In his analysis of the Keynesian Welfare National State (KWS) as a post war growth regime, Jessop raises crucially important theoretical issues about the nature of the capitalist welfare state. He argues that there are paradoxes and contradictions in the formation and implementation of state policy but also that the welfare state possesses

important functions in relation to capital accumulation and in the reproduction of labour power and finally that welfare and social policy is politically mediated (see Jessop 2000a:172, 182). This section explores them as a way of understanding in a more in-depth way the role and problems of contemporary welfare and social policy in relation to the labour market. It concludes with some comments on the changing nature of the 'national scale' of welfare before concluding this chapter on the revitalization of localization and the urban scale within global economic restructuring.

Capitalism requires a separate political institution in order to ensure and guarantee accumulation and valorisation of capital. In this respect the state should be viewed as a social relation which intervenes in order to counteract the tendency for the rate of profit to fall – by mobilising counter tendencies. The functions of the capitalist state are derived from this role, but they are conditioned by class struggle and the need for the state to secure the conditions in the labour process, which ensures capital's domination, and control (Jessop 1990:439-40). As Jessop suggests the state does not simply intervene in relation to the needs of capital, nor is it an instrument of the ruling classes, but intervenes with respect to crisis (economic, social and political) and related class struggles. The changing balance of class and political forces has decisive influences on the forms and functions of the state in a particular historic context.

Different strategies are the product of social forces acting through the state and the particular strategy chosen is directly related to the balance of class and social power.

The state as such has no power – it is merely an institutional ensemble; it has only a set of institutional capacities and liabilities which mediate that power; the power of the state is the power of the forces acting in and through the state.

These forces include state managers as well as class forces, gender groups as well as regional interests, and so forth” (Jessop 1990: 269-70).

The power of the state lies in its ability to reorganise capital/labour relations within its boundaries (Burnham 1999:44). The modern representative state is the culmination of bourgeois political power (i.e. the consolidation of dominant class interests who control the means of production and wealth) which brings together in both harmony and conflict social classes, and each capitalist state defines a particular relationship of classes *within a given territory*. Thus the capitalist welfare state in a particular country expresses a particular relations of class and social forces. The advantage of Jessop's approach is that it highlights the importance of geographical scale (see Chapter 3) – and emphasise that “there is intense competition between different economic and political spaces to become the primary anchorage point of accumulation “(Jessop 2001:297).

The state's relative autonomy is reflected in the establishment of separate political institutions. This is an important concept in Marxist state theory because it underlines the perspective that the state is not an instrument of the ruling class and that there are inherent limits to the role of the state which need to be located in the process of accumulation and class struggle. Its continued existence as a particular condensation of social relations depends upon the reproduction of the capital relation which in turn is reproduced through capital accumulation. State activities are bound up in the existence of accumulation, which presents both opportunities as well as limits, to state action. Just as capitalist social relations are reproduced in fetishised forms which conceal their reality as relations of class domination (see below in the discussion on ideology) in the same way the state appears to act to the benefit of all interests (Ginsburg 1979:37-38).

There are limits to the relative autonomy of the state which are a result of the nature of social and political struggle which could undermine the universal appearance of the state. Struggles over aspects of welfare can lead the state to appear to be serving specific interests over others, or struggles can serve to put in the spotlight certain conflicting interests and highlight the overt class character of the capitalist state.

So far the state has been defined in terms of its form – the capitalist nature of the state which exists (historically) to secure the conditions for reproducing capitalist social relations. The state plays a key role in intervening to resolve the contradictions of capital accumulation by mobilising counteracting tendencies to the fall in rate of profit. The growth in state activity can be traced to the development (historically) of accumulation, crisis and restructuring. The changing nature of state intervention needs to be seen as a shift in the form of capitalist domination. The reality of class struggle is that it takes place around the various activities of the state. Thus the state apparatus – the institutions of the state are formed and reshaped as a result of class struggle.

### **The Welfare State Social Reproduction and the Reserve Army of Labour**

Ben Fine argues that the main inadequacies of 'orthodox' labour market theory are that they are deficient in understanding the 'unique' characteristics of labour as a commodity under capitalism. Furthermore they do not consider the specific characteristics of labour as a social relation. Fine (2003) using Marx's theoretical framework posits some 'propositions' about the labour market.

The employment relationship embodies class relations as people who own and control the means of the production (capitalist class) employ labour (subordinate or wage earning class) in order to produce surplus value. For labour to produce value over and above which is necessary to provide for wages requires increasing the social productivity of labour. The time taken (during the working day) to reproduce labour power must be kept to a minimum. This requires constantly reorganising the work process in order to adopt new methods, mechanisation and technologies.

In order to reorganise work the employer must ensure that he/she has full control over the work process. This will involve developing strategies for dealing with and resolving conflicts that arise. Capital accumulation and competition is the key source for increasing productivity, and involves a tendency to increase the size and scale of production to achieve 'economies of scale.' Fine's core argument is that unemployment is not an incidental but integral feature of capital accumulation. By the same token, those unemployed form what Marx calls a reserve army of labour on which expanding capital's can draw" (Fine 2003:88).

There has been a resurgence of interest in using Marx's theory of the Reserve Army of Labour as a framework for analysing the labour market and social divisions under capitalism within urban sociology (Byrne 1999), geography (Merrifield 2000, Hudson 2000) and labour market analysis (Møller and Lind 2000). This approach is particularly helpful in exploring the new arrangements of 'workfare', which are increasingly explicit about their role in managing this section of the Reserve Army of Labour. In *Capital* Volume 1 Marx considered that the relationship between the population of the working class and process/rate of capital accumulation was of crucial importance. The law of

capital accumulation is that the demand for labour in relation to capital accumulation grows more slowly. A relative surplus population – reserve army of labour (RAL) - is formed which results from the expansion of capital but also serves to further the process of capital accumulation. A reserve army is necessary for capitalism as a mechanism for maintaining capitalist forms of domination (the threat of unemployment) and for capital expansion and/or restructuring and is created as a result of labour being replaced by capital (Marx 1976:781-794 c.f. Rosdolsky 1977:245-246 c.f. Friedman 1977).

The number of unemployed (excess supply over and above demand) will vary according to the business cycle. The RAL may be divided into three components. There is the 'floating' population who are 'in and out of work' according to changing conditions in the labour process such as technological change. This section of the RAL is generally unemployed for relatively short periods of time. The 'stagnant' section of the RAL is people employed on a more irregular basis – for example the long term unemployed who tend to be formerly employed in the more outmoded industries. The third category – the 'latent' are those who are totally marginalised in the labour market or else are available when changing conditions of demand for labour occur. This pool of potential labour tends to be used under conditions of rapid accumulation and can relate to 'migrant' labour from other countries (c.f. Møller and Lind 2000:25).

Castles and Kosack (1985) consider that immigration and migration has been crucially important in terms of reconstituting the industrial reserve army in developed capitalist countries. They argue that in terms of employment, a labour aristocracy has emerged within the modern industries generally comprising core, skilled indigenous workers. As capitalism experienced labour shortages after the Second World War, labour migration

was encouraged by the state and capital so that workers from other, often less developed, countries were recruited, the majority to low paid low skilled work. These labour 'reserves' and the labour aristocracy were instruments of domination as capital and the state 'demonised' and racialised immigration in such a way that divisions were ensured in terms of status in the workplace and in terms of collective politics. Immigrants became scapegoats in times of crisis and restructuring and the RAL was used by capital in this way. Also crucially important, the presence of divisions within industries undermined collective politics in the work place and shaped the consciousness of indigenous workers and their organisations.

From a Marxist perspective the welfare state has been created to secure external conditions for the reproduction of labour power. The welfare state includes the role of the state in education, health, housing, poor relief/social insurance and social services. These are functions which enable labour to enter the labour market and for the management of surplus population. The welfare state is subject to demands from both labour in terms of improving the social conditions of the working class and from capital in terms of maintaining and reproducing labour power. Seen in this way the welfare state embodies the capital - labour relation and is not external to it. This has important implications for policy and strategy which will be discussed in more detail below.

De Brunhoff (1978) argues that the first major field of intervention by the capitalist state historically concerns the management of labour power as a commodity. The reproduction of labour power requires institutions external to the market and this is where the state steps in. The form of state intervention in the regulation of labour involves policies which underpin 'work discipline' and 'insecurity of employment.'

Work discipline as such means the control of labour by capitalists through the labour process as analysed above. The wage relation is linked to the value of labour (in terms of the costs of its reproduction) and to the bargaining process between labour and capital. The RAL will tend to exert downward pressures upon the level of wages, and therefore its management by the state plays an important role in this respect. Thus historically the management of the poor by the state became an imperative when private philanthropic capital was only able to play a limited role in the reproduction of the RAL (see also Ginsburg 1979 and discussion on the RAL below). The “public management of labour power, from the very beginning of capitalism, arose from the material conditions embodied by the existence of the labour market”(de Brunhoff 1978:19). However the way relief was managed during 19<sup>th</sup> century capitalism ensured that the poor would have a direct link to the labour market. Work houses and poor relief were created in order to force unemployed back into the labour market. The origins of contemporary ‘workfare’ can be located in the poor law regime of the 19<sup>th</sup> century which as well as offering relief, at the same time also involved compulsion to work and be available when capital required labour.

The changes in the way labour was regulated by the state are bound up with the changing conditions of accumulation and associated class relations. The development of a more comprehensive welfare and social protection system coincided with the formation of an organised labour and trade union movement. De Brunhoff considers that these changes in class relations towards the end of the 19<sup>th</sup> century and the early part of the 20<sup>th</sup> century in Europe were accompanied by a transition from “pauperism to social security.” Furthermore, the nationalisation of social assistance generated new relationships between the unemployed, their entitlements to work related social



insurance, and their entitlements to 'poor relief' social welfare. Social and welfare regulation was designed around the needs of the labour market, and as such reinforced labour segmentation on the basis of work/non work based entitlements.

Modifications of the state's institutions regulating labour-power are part of wider processes and reflect their forms and effects. The capitalist class, noted Engels, had to be assured of its domination over the traditional ruling classes (mainly the landed proprietors) and its own power, by destroying early proletarian revolutionary movements, before it could make certain compromises with at least that section of the working class which belonged to trade unions and had access to the vote. The reduction of insecurity of employment and the emergence of rights related to work were the product of working class struggles, but ones which could be resolved without calling the domination of capital into question. (de Brunhoff 1978: 23).

According to de Brunhoff social security has key roles in the reproduction of labour power. The level of social security payments affects and influences the level of wages – including minimum wage rates. Social security also operates to support and reinforce the institutions of the family which has a key role in nurturing and maintaining future supplies of labour, whether young people as they enter the labour market or even married women as they join the labour force. Social security underpins the maintenance of a reserve army of labour. Finally, the social security system helps to impose discipline on reserve labour by ensuring that there are strict rules for eligibility including the requirement to accept work offers.

Contemporary moves towards 'workfare' can be seen as a further development in the process of managing the reserve army of labour. Instead of – or in addition to – the relatively passive approach implied in the notion of social security, 'workfare' seems to promise a more active management of the labour market. It builds on the disciplinary aspects of social security to offer not only ways of bringing labour into workfare, but also

ways of developing that labour to fit more closely with the specific needs of particular industrial sectors or local employers.

### **Crises Tendencies and Contradictions of welfare states –The Work of Claus Offe**

One way of understanding the contradictions of the welfare state is to consider that welfare is “both necessary and incompatible with capitalism” (Jessop 2000a:172). This is because the contradictions of the capitalist state are rooted in the process of capital accumulation which gives rise to tendency for the rate of profit to fall, uneven development and economic and social crises. In other words the process of production and reproduction is open to disruptions.

The state often modifies the form of these disruptions, but cannot overcome them. Thus just as capital faces inevitable and chronic dilemmas, so does state action. One consequence of these tensions is the variety and instability both of the institutional forms of the state and its strategies, as these respond to ever present contradictions developed within specific historical paths and territorial jurisdictions (Eisenschitz and Gough 1998:760).

A central contradiction of state intervention involves a tension between the socialisation and cooperative relationships of production, which are funded from private profits, and the private appropriation of surplus value. As accumulation involves the need to increase the socialisation of the costs of production and reproduction (e.g. social benefits, training, health, social services) the costs involved can threaten the accumulation process itself.

From this general critique of the capitalist state Offe (1984) has elaborated in more detail certain aspects of contradictions of the welfare state. Offe argues that the state possesses a range of regulatory resources that are terrains of social contradictions.

Fiscal resources for financing the welfare state arise from the distribution of the mass of surplus value into the socialisation of production. Thus the financing of state functions depends upon the conditions of capital accumulation. State interventions in the social and economic infrastructure can act as barriers to accumulation – primarily because by the time they are implemented, capital has thrown up changed requirements and needs in relation to the socialisation of production and reproduction.

Administrative rationality and planning instruments at the disposal of the state assume 'ideal conditions' which make state policy formation and implementation 'unproblematic'. One assumption is that the political system is isolated from the economic system, which is the source of political demands and support. The political system must also be sufficiently differentiated internally in order to prevent interference from those institutions responsible for legitimation and steering, with those responsibilities for the administration and bureaucratic planning. There is a requirement for co-ordination, so that different agencies and institutions do not act in contradictory ways, and the political system requires sufficient information about its environment so as to be in a position to plan and forecast. Offe argues none of these conditions exist and are in practice undermined in the course of the state performing its welfare functions. For example, a "symbiotic relationship" between the administration and specific power groups often exists and governing political parties' strategies for retaining power continually blocks the uncoupling of the administrative system from the political system. The more complex

state functions become, so does the problem of co-ordination within the administrative and political system.

Mass loyalty (or legitimation) is crucial for the political-administrative system to win acceptance for its structures and policies. Of course, the fact that the state cannot deliver its promises undermines this (Offe 1984:56-61). Offe suggests that the state will attempt to overcome these problems and contradictions by instituting forms of representation, which facilitate easier decision-making. The extension of corporatist forms of representation (increasing social character of politics within capitalism) through social partnerships for example, will bypass the electoral democratic process and 'let in capital' to the arena of decision making, and thus facilitate its greater influence on agendas and conditions of negotiation. For labour organisations these forums apply conditions which can restrict their power and influence. The forms and conditions of representation are not always equal. However, wider class relations and struggles condition the dynamics of decision-making, collaborations/conflicts and 'consensus steering' because "the class harmony which is supposed to be instituted within such corporatist bodies is clearly limited by constraints.... a co-operative attitude of unions and other working class organisations within such corporatist modes of decision making can only be achieved by the exclusion of issues, groups, and interests of the working class which are made 'non negotiable' by existing conjunctural power relations" (Offe 1984:250).

The rise of 'workfare' as a state strategy could be understood as another example of the continuing (and ceaseless) task of working through these contradictions identified by Offe. In this context, therefore, the question might be whether such a strategy either

offers a means of resolving these contradictions or – at least- a means of achieving another temporary settlement, which will be unstable in the longer term.

### **Jessop and Types of Capitalism: From a Keynesian Welfare State to a Schumpeterian Workfare State?**

A useful starting point in taking this further is to consider Jessop's analysis of the nature of the Keynesian Welfare State (KWS). The KWS project argues Jessop is rooted (historically) in a particular mode of social regulation (MSR). Jessop, deploying regulation theory, defines an accumulation regime as having four elements, which are inextricably linked within a specific growth model. These are: dominant forms of labour process and employment relations; a macro economic regime which sustains production and consumption growth; a social mode of economic regulation relating to types of institutions, organisational forms, and norms important to sustain accumulation and growth; and a mode of "societalisation, i.e. a pattern of institutional integration and social cohesion" (Jessop 1994:14).

During the post 1945 period and until the 1960s the dominant growth model or accumulation regime has been characterised as fordist. On the production side labour processes tended to be dominated by assembly line and mechanized mass production. This form of production was sustained by mass consumption underpinned by rising real wages and growth of collective bargaining and unionisation. State policies tended to be orientated to sustaining aggregate demand and a welfare system, which is geared to a large extent towards redistribution. The key feature of the KWS is that the national space is the essential geographical unit of economic organisation, accumulation and

regulation (see also Martin and Sunley 1997:279). During this period the actions of supra national institutions (such as the IMF and the World Bank) which intervened in global economic and political processes provided means whereby nation states could negotiate and control international economic policy in order to guarantee the stability of the national economy.

Towards the end of the 1960s this regime became subject to tensions, and crises mainly because the various elements and components which made up the accumulation strategy could not be sustained. Rising real wages, fiscal crises of the state, problems of over production led to a crisis in Fordism. For Jessop the manifestations of the crisis of fordism included stagflation in national economies, but the key dynamics were global because more intensive internationalisation of finance, trade and investment undermined the national economy as an object of state management (Jessop 2001:293).

Jessop, argues that a Schumperian Workfare State (SWS) is emerging within which social policy is subordinated to the requirements of competitiveness. The new regime he suggests embodies its own rather different spatial temporal 'fix', i.e. transfers of economic and social policy functions upwards, downwards and sideways – and away from the nation state and the national scale. This might be expressed in another way as a 'revitalization of scale' in the sense that there is no longer any single dominant scale through which economic and political settlements may be achieved and identified (see Chapter 3). In many respects Jessop characterises 'Post Fordism' as a more neo liberal and market based politics which nevertheless takes on different forms and trajectories. However he also stresses that scalar shifts from the national state in terms of

responsibilities paradoxically require an enhanced role for the national state to manage rescaling processes.

The SWS, he says embodies a new form of labour regulation;

The economic policy emphasis now falls on innovation and competitiveness, rather than on full employment and planning. Second, social policy is being subordinated to economic policy, so that labour markets become more flexible and downward pressure is placed on the social wage that is now considered as a cost of production rather than a means of distribution and social cohesion. In general the aim is to get people from welfare to work, rather than resort to allegedly unsustainable welfare expenditures, and, in addition, to create enterprising subjects and to overturn a culture of dependency. Third the importance of the national scale of policy making and implementation is being seriously challenged, as local, regional, and supranational levels of government and social partnership gain new powers. This is reflected in the concern to create postnational “solutions” to current economic, political, social and environmental problems, rather than primarily relying upon national institutions and networks (Jessop 2002:459-460).

Jessop’s approach lends itself well to an approach that utilizes case studies of welfare restructuring in different state contexts, because “specific accumulation regimes and modes of regulation are typically constructed within specific social spaces and spatio-temporal matrices. It is this tendency that justifies the analysis of *comparative capitalisms* and of their embedding in specific institutional and spatio-temporal complexes; and also justifies exploration of path dependent linkages between different economic trajectories and broader social developments “(Jessop 2000b:327).

Jessop identifies four main models of potential routes from KWS to SWS (Figure 1).

**Figure 1: Strategies to Promote or Adjust to Global Neoliberalism**

<b>Neoliberalism</b>	<b>Neostatism</b>	<b>Neocorporatism</b>	<b>Neocommunitarianism</b>
Liberalisation – promote free competition	From state control to regulated competition	Rebalance competition and co-operation	Deliberalisation – limit free competition
Deregulation—reduce role of law and state	Guide national strategy rather than plan top-down	Decentralized "regulated self-regulation"	Empowerment—enhance role of third sector
Privatization—sell off public sector	Auditing performance of private and public sectors	Widen range of private, public, and other "stakeholders"	Socialization—expand the social economy
Market proxies in residual public sector	Public-private partnerships under state guidance	Expand role of public-private partnerships	Emphasis on social use-value and social cohesion
Internationalization—free inward and outward flows	Neomercantilist protection of core economy	Protect core economic sectors in open economy	Fair trade not free trade; Think Global, Act Local
Lower direct taxes—increase consumer choice	Expanding role for new collective resources	High taxation to finance social investment	Redirect taxes—citizens' wage, carers' allowances
Source: Jessop (2002:461)			



One is the *neo liberal* model, which promotes a more market orientated economic and social restructuring. The welfare settlement is focused around a key role for the private sector in terms of social provision and policies and is geared towards re-commodifying welfare provision. Dominant social policy strategies include privatization, liberalization and the imposition of commercial criteria. A more disciplinary regime of social policy and assistance programmes is constructed. Jessop considers that this is the preferred strategy in Britain (Jessop 2000a:177).

The second strategy involves *neo corporatism* which involves a more negotiated mode of social and welfare organisation. Many aspects of social policy are subject to corporatist forms of policy making except that there are more 'actors' involved than the traditional tri-partite arrangements (i.e. labour, capital and the state) which characterised the KWS regime. For example more policy communities may be involved and there may be increased emphasis upon public - private partnerships. Particular corporatist arrangements may be selected depending upon the specific strategy and programmes pursued by the state. A distinctive feature of this strategy relates to the emphasis upon state regulated self regulation and policy communities extending beyond tripartite bodies towards policy communities representing other functional systems (e.g. social services, health, education).

The third type of strategy identified by Jessop is *neo-statist*, which involves the state taking a lead in developing economic and social policy, including planning and target setting in relation to technology and structural policy. Active labour market policies are established in order to promote the reskilling of labour, and these are generally promoted through public-private partnerships at regional and local levels.

The fourth strategy is known as *neo-communitarianism* and the 'third sector' and the social economy have a much greater role in establishing and underpinning the new welfare settlement. Policies promote community development and 'empowerment' of communities and there is a coordinated approach to economic and social regeneration across various scales of action (Jessop 2000a).

Jessop emphasises a number of important qualifications. He notes that there are continuities between the two phases of accumulation. In other words elements of Keynesian politics are carried through to the SWS. In any particular nation state a mix of ideal type strategies may be developed, dependent upon class relations and political struggles. Finally, the emerging SWS or post fordist regime comprises a number of contradictions which themselves operate as barriers to an emerging 'stable' regime of accumulation (cf Jessop 2001:294-298).

Before exploring some of the more critical issues emerging from Jessop's approach it would be useful here to summarize the arguments of David Coates (Coates 2000, see also Coates 1999) who analyses different models of capitalism in terms of types of relationships between the state, capital and labour. Coates focuses on the dynamics of economic growth rather than welfare institutions and policies. He suggests three model types:

- (1) *Liberal or market* led accumulation strategies where private capital is dominant in economic decisions and the state has a more minimal direct role in the economy, although a greater indirect role in removing barriers to accumulation. Under this model workers and organised labour possess limited rights and the general political environment tends to promote individualism. The US and UK fit into this category.

- (2) *Trust or state led strategies* involve a closer economic relationship between the state and bank and financial institutions. The dominant labour compact comprises limited trade union rights which are closely tied to company agreements. The political culture is both conservative and nationalistic and Japan and Korea are typical of this model.
- (3) *Negotiated/Consensual Models* are his third type and these comprise social compacts between labour and capital which provide more space for a powerful trade union and labour movement to shape decision making. There are strong worker rights and a highly developed welfare system. The political culture associated with this model is social democratic and is typical of the Scandinavian countries.

Coates critically examines the role of education and training in relation to economic growth – a central element of the contemporary argument around the pursuance of workfare/ employability strategies.

The writings of new growth theory on the importance of investment in human capital are ultimately too narrow in their specification of variables, abstracting labour from institutional processes and relationships of power which have far greater explanatory impact on how economies perform...The notion that education has now become the resource in an information-based production system flies in the face of empirical data that stresses the persistence of low-grade production technologies in large parts of the world's manufacturing sectors, and sees labour intensive, low-skilled service employment as a major employment outlet within advanced capitalist economies of the future (Coates 2000:119).

For Coates, therefore, a focus on employability is a distraction from a political debate that should focus on strategies towards investment and jobs. Globalisation as a class strategy for reducing welfare and the rights of labour, says Coates, is encouraging the debate about skills and labour market policy because it directs attention away from any

policy which regulates capital (Coates 2000: 254). Coates' critique provides a counterpoint to systemic interpretations which tend to overstate the functional integration of regulatory apparatus and accumulation in different periods of growth (see Edgar and Edwards 1999). In that sense it provides a useful corrective to some of the more determinist aspects of Jessop's approach which sometimes seems to promise a necessary restructuring leading inevitably to a new (set of) post fordist settlements.

### **Critical Reflections on Welfare Typologies**

In his analysis of the welfare state and the construction of typologies Jessop has drawn to some extent from the work of Esping Andersen (1990 and 1999, see also Williams 1994:58). Esping Andersen defined a regime as a set of institutional arrangements which guide social policy and expenditure allocations. Esping Andersen focuses upon key functions of welfare in relation to the labour market, pensions, sickness and unemployment benefits and labour market policies. Regimes were defined and distinguished in relation to commodification and decommodification – i.e. the degree to which individuals and families can uphold a socially acceptable standard of living independent of the market (Esping Andersen 1990:37). Welfare states can therefore be 'clustered' in relation to both coverage (degree of intervention) and nature of policy mixes such as social rights, and degree of distribution. Three regimes are identified: Liberal, Social Democratic and Conservative. The criticisms levelled at Esping Andersen (see e.g. Williams 1994) can also be applied to Jessop and these broadly relate to typologies themselves, and the way welfare is conceptualised through them.

First, typologies depend upon what element of the welfare state is being compared (Abrahamson 1999a). In his comparative study of Scandinavian welfare states, Abrahamson concludes that whilst there is a broad area of similarity between the states in terms of citizen entitlement to social protection, there are quite marked differences in other areas of social policy between the Scandinavian countries. For example, there are differences between the countries in relation to specific social expenditures such as pensions, childcare and health, the Danish model has proceeded in a more liberal direction whilst the Swedish one has displayed more dominant corporatist tendencies (Abrahamson 1999b: 54). Abrahamson argues that a case-centred approach in terms of specific policy sectors will lead to a more fruitful comparative study because of the different clustering that researchers are producing (evidently a point accepted by Esping Andersen).

Second, and related, there is a conceptual critique of Esping Andersen's analysis of the class and social relations of welfare. The welfare regime analysis involves a rather narrow discussion of the relations of welfare and the ways in which welfare states are constructed (Cochrane 1993: 10 see also Williams 1994). In particular it tends to ignore or marginalise the significance of the process of delivering welfare. Feminist critiques of the welfare state by contrast have focused upon 'bread winner' models to highlight the role of gender. So, for example in the case of a strong male breadwinner model (such as the UK) welfare is constructed on the premise that men are the heads of household. This means that laws and policies are based on men bringing home the family wage (i.e. full employment means male full employment). The implication of this is that social policies tend to restrict women's access to social benefits except through their children and partner, and their participation in the labour market because of the relatively low

priorities given to childcare. Welfare arrangements within a weak male bread winner regime recognises a dual bread winner and (potential) carer arrangement within which men and women have equal rights to benefits and labour market participation – Denmark is an example (c.f. Sainsbury 1999, and a critical review of feminist perspectives, Warren 2000). The issues of race and migration have also received insufficient attention within regime approaches, yet mass immigration in the post war period was accompanied by systematic exclusion of foreign workers in relation to the labour market. Access to social welfare (Castles and Davidson 2000: 113) and the racialisation of employment within the welfare state has also tended to be ignored or downplayed (Williams 1994).

Third, Esping Andersen's view of class and political mobilisation and popular struggles is inevitably one dimensional and over simplistic (see Chapter 3). For example an indicator of labour movement power is said to be trade union density in the work place which is high in Scandinavia. Yet in countries such as France, (and the Netherlands) where union densities are extremely low, the welfare state retains a strongly redistributive role, and unions have some significant role within the wider polity. Social movements which are not part of the organised 'working class' have important roles in shaping social agendas. Bagguley for example argues that unemployed movements have constituted an important social force in relation the UK welfare state (Bagguley 1994).

Fourth, the concept of commodification and decommodification is also questioned by Williams (1994) who argues that social rights associated with decommodification, i.e. access to social benefits, affect different social groups in specific ways. For example it does not necessarily mean that to bring the extension of social rights for women as in

the case of expanding social universal benefits can be assumed since they may be conditioned by rules which assume the man is the 'head of household' or primary earner.

Related to this approach are those that focus on the importance of care roles in the construction of social policy. From this perspective welfare regimes can therefore be analysed in terms of a 'care model' – in which care is taken to include “the provision of daily social, psychological, emotional, and physical attention for people... We argue that modern welfare states have shaped needs and rights of caregivers and care receivers and have done so in ways that contribute to gender inequality in citizenship rights” (Knijn and Kremer 1997:75). In other words some aspects of social relations that were never 'commodified' have nevertheless been fundamentally affected by the workings of welfare states.

Pillinger (2000) takes up this notion of care in a different way when she posits the concept of time as a crucial dimension of welfare policy. She argues that there is a need to analyse the politics of time as it is an essential component of contemporary capitalism as well as a major feature of Marx's thinking about exploitation and labour regulation. Time is being restructured in relation to work and caring roles. Caring involves unpaid time and most caring in all capitalist societies is undertaken by women whether in the public or private spheres. Time is therefore both a resource and a commodity and needs to be understood in relation to its distribution between caring and paid work. She takes up the theme that welfare arrangements are faced with the tension in the balance between family and care responsibilities and work. Working time policy is built into different welfare settlements. For example, the leave schemes promoted in Scandinavia

–particularly Denmark - enabled men and women to balance their work and family responsibilities. Pillinger suggests that in terms of shifts in the current welfare states, the struggle over the distribution of work and balance between working and non-working time will come to the fore. Strategies which improve or harmonise both do not necessarily reduce gender inequality but can still reproduce it if it is women who take most advantage of work sharing and parental leave.

Perhaps the most important aspect of the feminist critique is that it focuses on social reproduction and the way the welfare regime reinforces women's role in this in relation to family policies. However, as Williams (1994) emphasises, the link between family, work and nation must be understood in relation to a diversity of social divisions – not only gender but also ethnicity, and class (although disability, sexual orientation and age can also be included). Taken together she argues “ these three types incorporate much that is significant in welfare policy about the social relations of capitalism, patriarchy and imperialism as well as the key process of production and social reproduction and the ways they are connected to the formation of social divisions in society” (Williams 1994:82). According to Williams it is social diversity that in recent years has led to the emergence of new social and user movements which have contested and bargained in relation to specific welfare policies and arrangements. The feminist critiques have opened up important insights into capitalist welfare states by focusing upon the complex social relations which are both structured by and shape policies. At the same time, it is important to recognise that there are debates within feminist frameworks about the relationships between class and other forms of social division (c.f. Warren 2000). The importance of social mobilisation or human agency – in particular the role of labour and



trade union movements - has been raised in these frameworks (c.f. Pillinger 2000, Wacqman 2000).

Similar criticisms could be made of Jessop's models, which in practice can be seen to serve as a typology. They start not from the actually existing relations of welfare but from abstractions to which no actual welfare state directly corresponds. Esping Andersen's starting point is to be found in the class politics associated with social security, Jessop's with the inexorable demands of capitalism for a regulatory fix of one sort or another. There is a real danger in each that some vital aspect of social relations of welfare will simply get lost, marginalised or excluded by the typological terms of the debate – so for example, neither Jessop or Esping Andersen tackle issues of gender, race or migration effectively. They exist outside their models – yet are fundamental to the construction of welfare states and welfare regimes.

However, rather than completely undermining the construction of typologies or models of capitalism (see Coates 2000) these criticisms can be used to refine them and make their application more fruitful in terms of an understanding of broad brush shifts and processes of restructuring. Jessop has always stated that no single approach can capture the complexity of the interrelationships between the restructuring of global capitalism and national welfare states (see Jessop 2002). He provides an over arching scheme of changes and how they develop as well as focusing upon the inherent contradictions, crises and struggles that will shape their outcomes. It is necessary to employ middle range theories to complement the more abstract categorizations rather than simply to acknowledge the criticisms of regulationist approaches as a critique of capitalist development. For example rather than Fordism comprising a specific regime of

accumulation, it can best be conceptualized as an institutionalisation of a particular balance of social forces in the post war period (Clarke 1988:85). Furthermore the post war boom was sustained through the increase in mass of profits, and the expansion of credit creation which sustained accumulation and consumption. The break in this phase of accumulation was more related to changing priorities of social elites at the national and international levels involving a sustained offensive against subordinate and working classes rather than a change towards post fordism (Mandel 1975). From the position of 'open Marxism' the analysis of the tendency towards the overaccumulation of capital and for the rate of profit to fall and theory of crisis is seen as a more fruitful avenue to analyse long term trends in the economy (Callinicos 2001, Clarke 2001). Capitalism is constantly searching for 'counter strategies' to counteract the trend towards over accumulation.

Overaccumulation and uneven development appear not only in the dramatic form of financial crises but also in the everyday reality of capitalist competition which impels capitalists constantly to intensify exploitation, extend the working day, force down wages and transforms the forces of production in order to survive (Clarke 2001:90).

Workfare strategies constitute mechanisms for managing the reserve army of labour in more efficient and competitive ways, ensuring that the costs of labour are kept to a minimum and reducing the fiscal burden imposed by social benefits. Within this framework the SWS embodies a broad front offensive against labour with supply side policies being inextricably linked to attempts to reduce or restrict labour's bargaining power and enabling employers to reorganise labour processes to facilitate the intensification of labour.

This critique which places more emphasis upon the balance of social forces and nature of political struggle (see also Jessop 2001:294) suggests that there is a need to build a more robust understanding of agency which is all too easy to lose in the models and typologies of Esping Andersen, Jessop and others. As Williams states;

We need to understand the struggles and settlements over welfare regimes as influenced not only by class relations but also, and relatedly by the relations of other forms of social power – racism, nationalism, male domination and so on – which influence both the demands of the working class and the response of capital and the state (Williams 1994:60).

The approach to analysing the changes in work and labour organisation in regulation theory reveals a lack of sensitivity to the way social struggle actually shapes economic and social change. Thus there is a danger that not only is the emergence of a post fordist welfare regime seen as inevitable but that 'workfare' becomes this inevitable future, as a universally hegemonic class compromise. Peck's discussion of 'workfare regimes' is in danger of coming close to this conclusion. Any 'regime' is far more complex and contradictory. Williams argues for example that changes in the welfare state involve social struggles and power relations arising from the varied social relations of welfare and these factors are underplayed and under emphasised as factors in the configuration of a new post fordist welfare state or settlement. It is important therefore to 'spell out' how these are embedded in both fordist and post fordist regimes (Williams 1994:62). This latter point raises a number of wider questions which I will turn to in the next section. In what way are social forces both shaping and contesting the manner in which the Schumpeterian Workfare State is being constructed, and what particular problems and contradictions are emerging in the implementation of workfare strategies?

## **Political Agency and the Construction of Welfare**

There has been a recent revival of work in the UK that draws on Marxist or critical realist theories of class and struggle in relation to social inequality, welfare and society (Lavalette and Mooney 2000, Ferguson, Lavalette and Mooney 2002, Bradley et al 2000, Byrne 1997). This work in particular seeks to develop a more detailed analysis of the dynamics of social struggle and mobilisation (Miliband 1989, 1995, Kelly 1998, compare with Bourdieu 1998). Poverty is seen as an integral part of the processes of class power inequalities and the mechanisms of oppression, which were central to Marx's original critique of capitalism (Marx 1976). Whilst capitalist society comprises two main classes, they are differentiated along the lines of sex, age, and ethnicity so that class is in practice made up of or constituted by these social divisions. In this model class and power is seen as relational, in that ruling and subordinate class strategies embody their respective interests who tend to be inherently conflicting. Social struggle is derived from a perception of injustice and an understanding of the processes of discrimination and exclusion, which are inherent under capitalism.

Class polarisation has been a feature of social change over the past 20 years and there has been a trend towards a widening of the gap between the rich and poor. This is directly related to the dominance of neo liberalism and the way interest articulation within electoral democracy and the workplace has been transformed along lines that reduce or creates barriers to representation (Lavalette and Mooney 2000).

As social inequality is constantly being transformed and reshaped through social action, there are what can be termed agencies of struggle. Three forms of agency can be identified – trade unions, social movements and personal agency.

### *Trade Unions*

The key significance of trade unionism is that it acts as a fulcrum for solidarity within the work place (and reduces competition within the labour market) and also articulates worker resistance and negotiation around the employment relationship (Hyman 1989: 36). The role of unions is therefore a crucial aspect of the analysis of the labour market since they are historical products of the conflicting and opposing interests of wage labour and capital (Fine 2003:89). In *Capital* Volume 1 Marx describes the oppressive conditions of the workplace and the struggles by workers to improve their well being. An example is the struggle to shorten the working day, stimulated by a number of motivations including meeting basic physiological needs. People cannot work if they are physically and mentally exhausted. For Marx the working day comprised 24 hours minus the amount of time people needed for rest and to reproduce labour power. However Marx argued that capital “oversteps not only the moral but even the merely physical limits of the working day....Capital therefore takes no account of the health and the length of life of the worker, unless society forces it to” (Marx 1976: 375,381).

The workplace is the crucial terrain of struggle between capital and labour and trade unions originate from the need for workers to mitigate the effects of competition in the labour market. Historically unions have been formed as workers sought to exercise control of their working lives, their conditions of employment and their day to day work

practices. Unions reflect the inherently unequal power relations between labour and capital since workers recognise that common action and mobilisation is necessary to articulate their interests (Hyman 1975: 32, see also Fairbrother 2000).

Trade unions are subject to many constraints upon worker mobilisation. Union leaderships will both promote and set the limitations on collective action because they are under pressure to accommodate to the interests of capital and not threaten the profitability of the firm. Thus the agendas of the workforce may be different to their trade union representatives, reflecting complex and diverse interests in the process of collective organisation. Union struggles can be constrained by the inherent segmentations within the work place that can generate different sectional interests. For example women may agree to wage increases but at the same time equal pay and other rights may be also their priority. They can also be constrained by the narrow focus upon a particular workplace and industry at the expense of wider collaborations with unions in other sectors (i.e. sectionalism) (see Hyman 1989).

Although trade unions developed through struggles around work place issues, they have also pursued concerns relating to social reproduction and social and welfare policy. As Fine states, trade unions will “often be drawn across the nebulous and shifting boundaries connecting economic and social reproduction. The wage, after all, is only the most immediate source of revenue for sustenance of the working class family, whose capacity to provide able and skilled labour depends upon the range of services that are now commonly thought of as constituting part and parcel of the welfare state, albeit unevenly by country and type of provision (housing, education, health etc) (Fine 2003:91). Trade unions have played a key role in the formation of political (labour and

social democratic) parties that to some extent pursue their interests within the wider political process. This latter element is both a source of strength and weakness for trade unions. As a strength, union interests can be pursued within the parliamentary arena and provide channels for union engagement with the wider political process. As a weakness, traditional labour and social democratic parties can and have tended to impose limitations and constraints on the wider demands of trade unions (such as on economic and unemployment policy, social redistribution) because they may be seen as a threat to the parties' electoral interests and relationships with other business interests.

### *Social Movements*

Social movements are an integral feature of the collective struggle between labour and capital in its broadest sense, and represent pressure from below but around specific issues of oppression such as gender, ethnicity and sexuality (Miliband 1995).

Self-help as a survival strategy as well as a vehicle of political advocacy has a strong historic legacy in many developed capitalist countries in relation to welfare and social policy. Commenting on the UK Jones and Novak explain:

Whatever the bourgeois caricature might suggest, self help was and remains an essential part of popular struggle, and has been fundamental to the formation and development of the working class movement. It was through working class self help during the course of the nineteenth century that the mass of people sought to protect themselves against the threat of unemployment, sickness and old age, as well as host of other problems that industrial capitalism brought in its wake (Jones and Novak 2000:37).

These movements alongside the trade unions became a crucial source of pressure in the construction of the UK welfare state. In Scandinavia, self help and voluntary associations were much closely related and linked to the Social Democratic Parties and as a result became a more integral part of the organisation of welfare.

The creation of 'new welfare' subjects has served to stimulate mobilisations from the specific constituencies of race, disability, and gender as well as class. In fact different social groups and movements (Lewis 1998:64) keenly contest the reproduction of social divisions and discriminations, which are a feature of the construction of welfare settlements. Many of these 'movements' have reconfigured in terms of social and class politics and have organised strong 'self help' elements to create projects which are either not provided by the state or where state provision is seen as inadequate. An example of this includes the women's movement, which has spawned voluntary organisations administering services around reproductive rights, childcare and employment. Community organisations tend to be rooted in localities (for example area-based organisations, housing tenant and environmental groups). Other social movements may be focussed on single issues and particular vulnerable groups (e.g. disability, mental health, and lone parents movements) whilst there are examples of multiple issue movements, (e.g. the anti poverty, and unemployment movements) where a range of aspects of exclusion and inequality pervade discourses. In the context of this research where reference is made to the 'voluntary sector' it should be understood to broadly encompass social movements (such as women's organisations, community groups) and what is generally known the 'third sector' which may administer statutory or other services.



### *Personal Agency*

The notion of individual agency has been relatively neglected in the recent discussions of politics and struggles over welfare (Lavalette and Mooney 2000, Ferguson, Lavalette and Mooney 2002) except in the form of a critique of identity politics. There is a recognition within these critiques that the emphasis of welfare was on the individual and family responsibility (Lavalier and Mooney 2002:164). This has been a tendency in welfare shifts in developed capitalist countries including Scandinavia (see Siim 2000). People have become welfare subjects and this process of individualisation of social policy has helped to encourage the argument that collective politics has become less relevant. As Mizen states

Whatever the discursive force of this 'work-welfare' drift, with its language of fresh starts, pathways to work, action, counselling, experience and training, the response of claimants themselves is a salutary reminder of its limitations (Mizen 1998:44).

It is true that the 'disciplinary' trends and tendencies have focused on individual responsibilities and social security and unemployment policies. Whilst Jones and Novak (1999) have focused on the ways in which social policies in Britain have been orientated towards social control, within these policy regimes the various strategies of individual negotiation and resistance are less clear. In their research on social security claimants Dean and Taylor Gooby :

conclude that the increasingly stringent, coercive and punitive nature of state intervention may strengthen claimants' inclination to view the state as adversary and may reduce the likelihood of their cooperation with the state (Dean and Taylor Gooby 1992:108).

In this context Lipsky's concept of 'street level' bureaucracy has been used to depict relationships between welfare clients and state workers (see Wright 2001). Lipsky

argues that state workers delivering services may have some discretion in the way services are delivered. This degree of discretion involves a tension between their own understanding of how they see a service evolving and the rules laid down by the organization. Policy is implemented within a context of staff interactions with individual clients and becomes a process of negotiation. Wright argues that within the policy process clients are categorized in different ways and the ways in which they respond to this categorization becomes a “co-production” of policy (Wright 2001:4).

Dean and Taylor - Gooby (1992) note that over half of the claimants interviewed had sought independent advice and had appealed to a tribunal. In many cases therefore, whilst resistance and opposition may be reduced initially to individual action, grievances are taken up by advice organisations. This suggests that again the boundaries between individual and collective struggle can become blurred.

## **Conclusion**

The primary scale for economic and social regulation during the KWS phase was at the level of the nation state. The post KWS shift involves a more workfare orientated regime with rescaling giving a greater significance to the urban and locality as a site for labour market policy making and implementation. However this does not preclude other scales of strategies such as the national and supranational. In fact the nation state remains the important institutional focus for securing social cohesion and is the central terrain for social and political struggle. At the same time the shift towards the supranational scale (such as the EU see Chapter 4) has been part of this restructuring process. Globalisation is an issue which so far has been given little attention but it is of crucial importance in the discussion of broader changes as is the global as a crucial scale of

accumulation and how this relates to other strategic scales. These theoretical questions will be addressed in the next chapter with a more detailed analysis of the nature of space, scale and place in the construction of welfare and how and in what way it is possible to integrate this into a comparative and analytical framework about transitions and change in the spheres of welfare and labour market policy.

## CHAPTER 3 INCORPORATING GEOGRAPHY INTO COMPARATIVE WELFARE RESEARCH: UNEVEN DEVELOPMENT AND SPACES/SCALES OF LABOUR MARKET REGULATION

### Introduction

Jessop's work has referred to the Post Fordist (or Keynesian) shift as involving a rescaling of the political economic and social organisation of capitalism (see Chapter 2). The concept of scale was central to the work of Lefebvre where the social production of space and scale and the relationship *between* scales is understood as being constituted and reconstituted around relations of capitalist production, social reproduction and consumption (see Smith 1984). Similarly Alnasseri et al argue that:

Capitalism (in its entire history) is understood as a global matrix of interpenetrating and interfering spaces on global, national, regional and local scales. Its transformation over time can only be analysed in concrete historical patterns of capital accumulation in which the social production of these spaces and their condensation into a 'spatial fix' is a necessary but contradictory ridden process. First, the spatial organization of the accumulation process is not simply determined through the structural tendency of its spatial expansion. Capital *per se* produces no 'spatial fix'. This process requires regulation and is thus politically and socially constituted [and] the intermediary concept of institutional forms can in this way take on a spatial character (Alnasseri et al 2001: 165)

In this respect, the "fractionation of space not only has taken the historical form of a configuration of nation states and a system of an international division of labour, but has also resulted in an unequal development and fractionation of space within the nation state" (Alnasseri et al 2001:164).

Globalisation is a fundamentally geographical and uneven process and to capture the contemporary implications Swyngedouw has coined the term 'glocalisation.' This refers to the way globalisation of economic, social and political relations gives rise to the emergence of new territorial and geographical configurations at the urban and local scales (as well as at the supra national scale). As highlighted in chapter 2 rescaling involves a shift from national to the local as constituting a crucial 'site' for the accumulation of capital. This serves to analytically link processes of decentralisation and the hollowing out or devolution of economic and regulatory strategies as dialectically related to global restructuring processes (Swyngedouw 2003: 52). This term in effect underpins a concept initially introduced in Chapter 2, where reference is made to the revitalization of scale as an integral feature of the contemporary phase of globalisation. The concern here is to apply this framework to understanding the significance of the urban and locality and the configuration of 'new' policy regimes and governance.

### **Conceptualising the Urban and Uneven Spatial Development**

Yeates (2001) emphasises the political aspects of globalisation, suggesting that it is a new stage in class conflict whereby global ruling elites are tending to organise themselves on a transnational basis. Globalisation embodies strategies for weakening the power of labour, but she emphasises that social conflict and political struggle are important in the regulation of globalization (Yeates 2001:127 c.f. Ferguson, Lavalette and Mooney 2002:148-150). Went defines globalisation as being closely linked to neoliberalism:

The current trend towards increasing globalisation is the product of two inter linked but distinctive processes. The first can be characterised as a long-term development in capitalism since about 1870 towards uninterrupted accumulation and increasing international concentration and centralisation of capital. The second consists of the policies of liberalisation, privatisation, deregulation and dismantling social democratic gains that have taken place since the early 1980s (Went 2000a:94-95).

Within critical theory then there seems to be some consensus about the close links and ties between neoliberalism as an articulation of shifting power relations between labour and capital (see Radice 1999). The fact that there is something geographical and spatial in the construction of global economic, political and social relations is being recognised in disciplines such as International Political Economy (IPE) (Paul 2002 and McMichael 2000). The importance of globalisation as a geographical process assists in illuminating tendencies and dynamics of uneven development.

Massey (1995) approached an understanding of spatial difference through her analysis of uneven development by linking restructuring strategies of capital to processes of change in 'local' labour markets, exploring how the characteristics of localities in turn also influenced economic restructuring. Her analysis focused on the UK and an explanation of the 'North-South' divide in terms of unequal access to power and resources arises as a result of historic processes of social and spatial division of labour of production and their inter-relationship with global economic and social restructuring. For Massey, production changes involve a geographical separation of control and administration, and different parts of the production process itself. The locational strategies of multi-national corporations involve certain production processes that require cheap and relatively unskilled labour. This has tended to be assembly line production where training is at a minimum and labour is flexible in every sense of its

meaning – it can be switched from one part of the globe to another. For example, the restructuring of capital and accumulation in the North East of England was stimulated by the availability of labour reserves – primarily women who were recruited to assembly line and deskilled labour processes (Hudson 2000: 198). Thus the characteristics of local labour markets and their specific social relations influence the nature of accumulation on a global level and within a specific locality.

Massey's approach is invaluable for drawing the links between economic restructuring and geographical uneven development and has been influential in shaping urban and regional research. In more recent years the discussion on space in critical geography has been inspired by the work of Lefebvre (1991) who, like Massey, contends that space is a social relation and produced through the action of human agency. Space is the central arena for social and economic reproduction, and the act of 'producing space' is the primary means by which capitalism reproduces itself (see Harvey 2003).

The notion that space is socially produced is exemplified in the complex spatial dimension to labour markets involving interactions of class, gender, ethnicity and disability and the spatial extent is shaped by these social relations. For example for women, job search will be influenced by their position in the household and family relationships. Massey (1996) argues that space as a social product, embodies power relations which influence access to the labour market. Within the city there is a complex relationship between space and power. In some spaces such as social housing estates where there are concentrations of labour reserves, and sections of the population which could be seen as unemployable (e.g. women carers), there are complex power struggles unfolding between men and women and between women and the state over social

reproduction rights. Massey's point is that where people live and work, their overall participation in the labour market is shaped by their social 'status', which is in turn formed through past histories of state policies, social action and struggle. Where people live and work is also a product of strategies in terms of where capital locates and how it recruits labour (Peck 2003b:143).

Focusing on labour markets is a useful method for understanding the social production of both space and place. If spatial difference is exploited by capital, then certain spaces of labour are profitable for production in that there exists labour of certain 'endowments', which meet the requirements of employers. This may be because of existing high rates of labour reserves, including women who are able and willing to undertake low paid work. In this sense space has an exchange value for capital (Hudson 2001).

The importance of conceptualising labour markets as constituting spatial as well as social relationships (as labour tends to be fixed in space) stems from the possibility of linking the analysis of the 'local' labour market with wider analysis of capitalist uneven development. This spatial difference is a product of previous 'rounds' of investment and accumulation but also exploited by capital. Thus spatial uneven development is a product of the social organisation of production and division of labour, but also in turn a crucial condition for further restructuring and accumulation.

The fixity of labour in space also has important implications in relation to power and competition. Gough (2003b) focuses on the way a locality is a locus of competition between workers because workers will seek to find alternative work places within the same locality unless they migrate. Class collaboration may exist in each locality –



because of the reciprocal relations between capital and labour in terms of the need for cooperation and this extending beyond the work place as workers and capital seek to combine in formulating competitive strategies for regenerating their local economy. However, whilst there are common interests between workers and capital, at the same time there are inherently conflicting interests because workers' interests will require security of employment and improvements to the quality of jobs (see Gough 1992:280). For Gough, the need to collaborate and create alliances at the same time while there are inherently opposing class interests and antagonisms between labour and capital, is an intensely contradictory process with respect to localistic competition.

Localisation is inextricably linked to processes of uneven development, which in turn are both a product of, and a necessary basis for accumulation. So far the discussion has focused around the production of space, but there is also a need to consider how this relates to producing place. The central question is the difference between the production of space and place and what significance this holds. The clue to this lies with the above analysis of the local labour market which is defined in terms of where people live and work. This definition extends to considering the local as something more significant than a node in space for capital to locate and exploit labour or where labour power is reproduced. It is this notion of relative fixity in space that leads people to make attachments and commitments. As Hudson states whilst capital will assess a space as something which can be used for profitable production, people evaluate their place in a multidimensional way (Hudson 2001:263-264).

This attachment to place has a political dimension in that the construction of social, cultural and economic institutions within spaces arises through collective/individual

struggle and action over a period of time. In terms of the case studies considered in more detail later, Sheffield has been a city where capital has produced steel and machinery for the global market. But it is a city where people have struggled in a collective sense around sharing the gains during the booms of the 1960s and 1970s and surviving the rationalisations and closures of the 1980s and 1990s. The importance of the term multidimensional implies in this analysis that people have shared and diverse experiences of these changes according to gender, ethnicity, disability, age and so on. It is the diverse social worlds contained within Sheffield and their struggles that help to define Sheffield as a place. In this way, places may, according to Hudson "develop a 'structured coherence,' generating a sense of shared identity and interest in the place by a range of social groups and forces that are expressed via a particular 'structure of feeling' but predicated on capital having a continued interest to produce in them. This convergence of interests between capital and people in place can thus be ruptured and the 'coherence' of place threatened if the economic rationale for production is therefore eroded "(Hudson 2001:268). This leads to the consideration of a politics of place where people will defend and promote places which in turn has led to a discussion about how place bound struggles can 'override' class and other social interests. This question will be explored in more detail below.

### **Space, Scale, Uneven Development: The Conflicts and Contradictions in the Governance of Local Welfare and Work**

In chapter 2 the state is conceptualised as a social relation and institutional ensemble. If the dimension of historical legacies is added then these concepts together may provide some insight into our understanding of the formation and construction of the local state.

First, as highlighted in the previous section, social relationships develop (geographically) unevenly making different policies necessary at different places. Second, institutions at the local level are constructed (and restructured) in order to intervene in localities. Third, uneven development over time will shape and configure sub national variations of the capitalist state (Keil 1998). There is therefore a strong link between Massey's analysis of spatial divisions of labour (as outlined above) as an explanation of uneven development in the UK and the historic spatial configuration of the UK state.

Under the KWS, the national economic space is the essential geographical unit of economic organization, accumulation and regulation over which the state is sovereign actor. At the same time as an accumulation strategy the Keynesian welfarist mode of intervention necessarily involved a high degree of spatial centralization of the political regulation of the economy (Martin and Sunley 1997: 279). This involved spatial transfers of public expenditures in the form of regional policy, urban renewal, new towns and transport infrastructures as well as social benefits. The crisis of the KWS involved an abandonment of redistribution and tackling uneven development (regional and urban inequality) *as a priority*. "The new orthodoxy of neo liberalism takes uneven development as a starting point and builds upon it" (Ward 2004:330).

Returning to Jessop's analysis of the shift from a KWS to SWS, the changes invoked at the local level are seen as a response to the crisis of redistribution and problems of increasing socio spatial differentiation associated with more volatile processes of economic restructuring within cities. This has involved a shift from government to governance with the creation of public private partnerships, drawing in agencies and quangos and new roles for local government. This shift to governance represents a

restructuring of state forms at the local and at other spatial scales. In terms of functions, there is a tendency towards a more interventionist economic and social policy as ways of ensuring that cities can compete within the global economy (see Hudson 2001).

This analysis sets in context the development of 'local' workfare regimes as discussed earlier in chapter 1. As Peck (2001a:15) states, workfare "makes a virtue of geographical differentiation and sub national devolution." In this respect cities and localities are emerging as crucial sites in the implementation of workfare programmes. Peck suggests that this evolution and shift away from 'welfarism' involve seven developments or aspects of policy development (Peck 2001:361-364).

First, the developments of trans national policy transfer through supra national institutions such as the World Bank, G7 and other international forums is promoting workfare and this has been influential in the introduction of workfare in the more social democratic states which are in turn constructing more 'negotiated' models. As we shall discuss in chapter 4 the role of the European Union has been crucial in shaping the employment and welfare agenda at different scales, including the local.

Second, the process of policy transfer also flows from the local to the global. Here Peck cites the role of experiments and innovations such as those in Wisconsin, which are promoted at national and international levels but are also shaping directly other local policy regimes. Different localities will also share ideas through urban networks. A key feature of this connection is the speed of transfer because innovations can be 'off the peg' and easily be implemented in other contexts.

Third, the decentralisation of delivery systems has been a key element of the way welfare to work or workfare has been constructed. However, the national state has retained a key role in terms of functions and regulation and workfare decentralisation is inextricably bound up with local welfare restructuring around marketization, liberalisation and cost cutting. In this way local workfare regimes are becoming central in urban and local competitive strategies.

Fourth, 'micro regimes' within state institutions involved in 'managing' the reserve army are constructed at the local level. These tend to be more "hands on" and part of the process of constructing a more oppressive and disciplinary framework for the way 'clients' can operate within the labour market in terms of job search and claiming benefits.

Another key development is what Peck terms local distinctiveness and spatial unevenness of workfare regimes.

Access to programmes and services, the quality of provision and support arrangements, residual entitlements, and even eligibility itself increasingly vary from place to place (Peck 2001a:363).

The sixth aspect is what he refers to the "content of oppositional politics." Peck argues that the downloading of workfare has also involved the decentralisation of political struggle. He highlights the extent to which the new workfare regime has involved resistances restricted to the local scale and that national (or federal) and other scales are no longer such important sites for political struggle as they were under the welfarist

regime. One implication of this analysis is that struggles at the local level will have little impact in the shaping of what is a multi scaled strategy.

Seventh, Peck considers that local welfare systems are increasingly being restructured and constructed around labour market entry or attachment. In this respect Peck is referring to most elements of welfare such as health, social services, and education as well as benefits. In addition Peck considers that the localisation of workfare has involved the “coupling” of economic and social policy. “The strategies, institutions, and goals of these two once-distinct policy fields are being melded in local workfare regimes” (Peck 2001:363).

There are three areas which are identified by Peck (and closely related to the research questions posed in chapter 1) which are of importance in the developing a theoretical and empirical understanding of the role of the local in welfare restructuring. First is the relationship between the local and other scales and in particular the national. This is the most developed but in many respects there are some tensions and contradictions in his analysis where more explanation and exploration is required. Second is the role of politics and social mobilisation in terms of contestation and modification, and third, as highlighted in the final aspect identified above, the relationship between workfare, and other policies and strategies.

The relationship between different scales is confusing in Peck’s analysis. In some respects Peck cedes a high degree of autonomy to localization to the extent that he suggests that the local will take on a specific regime in its own right. On the other hand his analysis emphasises that the central state is able to control in a centralised manner

how local regimes will unfold. The two processes maybe (or indeed are) taking place simultaneously but there is a lack of clarity about the tensions and strategic implications of how central-local relations are grounded or embedded in the process of revitalisation of scale identified by Jessop. Jessop's contention is that under the current phase of state restructuring power has actually shifted to the central state even if more state functions have been devolved. In effect there is a dialectical relationship between these scales as embodying political struggle and strategy. The rules of engagement may be laid down by central government about welfare priorities but these are shaped in turn by struggles at and between different levels of the state. What characterises the current period is that restructuring and rescaling have become more complex and problematic as a consequence of economic crises, uneven development and social instability.

One way of highlighting this point is to consider the trend observed by Peck about the links between welfare and other, in particular, economic strategies. One of the interesting aspects of Jessop's approach as analysed in chapter 2 is the notion that the state is a site of strategy in terms of the way the state will promote accumulation strategies as mechanisms for resolving crisis tendencies associated with capital accumulation (Jessop 2002:290). Strategies will be shaped by and modify class relations and will be selective of or privilege specific interests - what Jessop calls strategic selectivity. Jessop also considers that the state's dependence upon resources produced elsewhere is conditioned by 'external' conditions of the economic and political system. Power is relational and the *strategic relational* aspect of the state suggests that state power itself – and strategies, are contingent on the balance of political and social forces “that act within and through the state” (Jessop 1990:269-270 see also Jones 1999:51-68 for a more detailed discussion on Jessop's work).

For Jessop, forms of political representation which link the state to capital and which reproduce the value form are dependent upon accumulation strategies and hegemonic projects. An accumulation strategy involves specific growth projects involving institutional and para state co-ordination as a means for their achievement. A state regime can embody a specific accumulation strategy, which can be the 'sum' of different and often contradictory and conflicting accumulation strategies. This state regime or 'hegemonic project' involves the mobilisation of support and consent to a particular strategy by dominant social classes that will contain a strong ideological component. An example of an accumulation strategy is the one pursued by the Thatcher Government during the 1980s with a clearly focused political-economic strategy of liberalisation, deregulation, privatisation, recommodification, internationalization and tax cuts (see Jones 1999:63). The hegemonic project is underpinned by a mobilisation and coalition of specific classes around a programme, which binds them together through specific representations, and slogans that will support their long term interests and seek through the propagation of ideological strategies consent for accumulation strategies. Thus the existence of a 'hegemonic project' involves "ideological and moral messages deployed by the state" (Jones 1999:53). Hegemony (a concept developed by Gramsci) is defined as a form of domination and class rule based primarily on consent as well as coercion and is sustained by ideological means through institutions and civil society.

This strategic relational approach has been applied to the analysis of local economic governance. Under the SWS urban strategies tend to be 'entrepreneurial' in that they involve an orientation towards the market and privatization as key elements of the construction of local governance and forms of representations. Local governance itself involves different policy networks and forms of non-market coordination. Jessop (1997)



in his analysis of entrepreneurial cities suggests that strategies embody discourses and narratives that are deployed to explain and justify their propagation.

The entrepreneurial city or region has been constructed through the intersection of diverse economic, political and socio cultural narratives which seek to give meaning to current problems by construing them in terms of past failures and future possibilities (Jessop 1997:30).

This approach is useful in that it draws together the material and discursive in the construction of governance and the role of the local state in the production of strategies. As uneven development is giving rise to diverse forms of 'localisation' so it is clear from this perspective that local or urban strategies will also vary, but also that places are often the intersection of a number of different growth mechanisms (Hudson 2001). Under the SWS the urban scale has become crucial for the propagation of strategies. What remains unclear in Peck's analysis is how far local workfare regimes interact with urban strategies even though he recognises that there are increasingly closer links between economic and social policies.

With the recent focus on governance and governmentalities there has been an interest in the role of networks or the rise of 'network governance' (see Rose 1996). This is of relevance to examining in more detail the process of policy transfer, which Peck sees are crucial between localities and national scales. The interest in networks has been around for some time in connection with analysis of central local relations (see Rhodes 1988). Rhodes's suggests that central and local government are connected through policy networks which bind the two sets of institutions in particular ways. These can be territorial and policy related or both but are ways in which pressure and influence can be

exercised. It is this latter qualitative aspect which suggests that networks are no more (or less) than articulations of collective mobilisations.

Ettlinger and Bosco (2004) consider networks in relation to their formation in particular places and how through struggle and resistance that forges links across spatial scales. As governance seems to have become more complex so network analysis seems a useful means in unravelling complexity (see Latour 1996). However, there is a need for caution in the adoption of network analysis or Actor Network Theory (Hudson 2001:32-34). There is a need to set in context how networks are both constructed and shaped by wider state restructuring and its particular form under neo liberalism.

Networks evolve under pre-existing conditions where territorial state regulation, unequal power relations, and uneven development are pervasive. In addition, networks themselves exhibit tendencies towards hierarchy, inequality, imitation, and exclusion, each of which departs from the naturalized network properties. In some ways these differences between network discourses and really existing networks have helped make interurban networks into channels of neoliberalization (Leitner and Sheppard 2002:514).

This provides some insights into the dynamics of fast policy transfer which Peck sees as important, and replicates Peck's central theme about the problematic aspects of neo liberalism, in that it reproduces rather than resolves uneven development. Gough has criticised this approach to analysing neo liberalism because it insufficiently engages with a more concrete analysis of the more fundamental contradictions associated with accumulation and the state (see Chapter 2). Neo liberalism represents a class relation according to Gough, which imposes the discipline of the law of value upon both capital, and labour through a variety of measures that involves the re-regulation of capital and labour markets. Neo liberalism entails the reduction of state ownership, increasing

privatisation, devalorizations of capital and commodities and using higher unemployment or under employment as a policy instrument for increasing the rate of surplus value through lowering the costs of labour. These instruments are combined with strategies, which reduce labour's bargaining power in the work place including the restructuring of industrial relations. Gough views neo liberalism as emerging from the crisis of Keynesianism that has been rooted in its very construction (Gough 2002). Mandel (1975) argues that Keynesianism and post war social democracies were built around the capacities of capital to accede to working class social and political demands because of the super profits accumulated out of the defeats of working class movements by fascism and authoritarian governments during the inter war period (see also Coates 2000). However as an accumulation strategy Keynesianism could not tackle the problem of tendencies towards over accumulation and, as overall profits began to be squeezed and political conflict intensified during the late 1960s, other strategies became dominant.

Gough suggests that one of the key features of neo liberalism is that it depoliticises economic and social policy through its orientation to the market and forms of state restructuring which reduce the role of 'government'. Gough analyses state provision of infrastructure in terms of socialisation, which is necessary to sustain accumulation (see Chapter 2). Under Keynesianism, direct state involvement in the economy and social and welfare provision resulted in over politicisation. An example of this is the provision of public housing, which whilst important for reproduction of labour power, nevertheless would be rejected by neo liberalism because of its political impacts (Eisentschitz and Gough 1998:761). Depoliticisation involves new forms of socialisation and non market co-ordination which attempt to reduce the scope for direct political challenges. In this respect it is possible to locate networks within this shifting form of socialisation as

building varied relations between firms, between institutions, between capital and labour and between different social actors (Gough 2003b: 43). An example of this is that in the privatisation of services, whilst government will be held responsible in general, the focal point of conflict will be between the providers and consumer of services. Another example of depoliticisation is through decentralisation within which central government will shape spending and performance targets whilst self-management, public private partnerships and more networks and 'actors' actually reduce political accountability (see Whitfield 2001:178).

However, there is something spatial in the construction of new forms of socialisation;

Yet globalization has not eliminated the role of local economies. To the contrary, local networks of dependencies – local 'socialisation' –and the consequent differences between localities have become more important for capital. Intensified competition has led many firms to seek closer local linkages with other firms, greater attention to reproduction of their labour force and to local infrastructures, and greater political influence on the local economies in which they operate (Gough 2003a 14).

These forms of socialisation and non market co-ordination are ever present in Peck's analysis but his analysis on the problems of workfare focus on the tensions associated with the outcomes of workfare which largely reproduce social inequalities and uneven development. These tensions are important to recognise but within Gough's perspective this is not necessarily a contradiction of neo liberalism. For example higher benefits, better coordinated and more democratic programmes, direct involvement by the public as opposed to the private sector could resolve these problems (as implied within Peck's analysis). However, for Gough they would involve tendencies to over politicisation that would be resisted by those class forces, which are driving neo liberalism.

The problems of neo liberalism need to be located in the spatial construction of the UK State and Gough illustrates this in his analysis of local economic initiatives (LEIs). LEIs were constructed in response to the failures of Keynesian forms of socialisation such as poor training infrastructure, low rate of local business innovation, lack of venture capital formation etc. The construction of strategies according to this argument embraced a high degree of consensus because of the pressures upon competitiveness and attracting inward investment which require specific solutions around specific policy sectors such as business development, small firms, positive action and training and so on (Gough 2003b). Following this argument then that 'neo keynesian' strategies are often a characteristic feature of LEIs because they are an essential element of tackling the failures of neo liberal forms of socialisation

The restructuring of the local state can thus be understood as developing new ways of addressing the local socialization of production and reproduction. It involves a dialectic of intensified international competition and national neoliberalism on the one hand and local specificity, solidarity and partnership on the other. Local policies for socialisation reduce the danger of excessive politicisation, thereby allowing more democracy and pluralism than at the national scale (Eisenschitz and Gough 1998:762).

It is not just over politicisation that is a problem, argues Gough, but the reproduction of contradictions, which are endemic in the spatial dimensions of value relations and accumulation. These contradictions evolve around a number of processes but there are three, which are of relevance to an analysis of workfare. First is the contradiction between what is termed the holism and the autonomy of the state and fragmentation and involvement with more social interests. The logic of neo liberal socialisation is to increase fragmentation, which in turn may undermine attempts towards a more coordinated policy regime. Second is the contradiction between fixity and mobility. LEIs

attempt to set in place infrastructures in relation to training and social reproduction, which can be undermined by the mobility of capital that as a consequence can reduce the demand for labour. The third contradiction is that local socialisation fails to address the social reproduction requirements of capital accumulation. Thus the mobilisation of community and local state involvement with social inclusion programmes and welfare linked and group targeted training – or “wide and complex socialisation of the reproduction of labour power” - can undermine welfare programmes themselves (Gough 2002:417). When Peck refers to welfare evolving at the same time or in tandem with the residualisation of welfare he was highlighting a key contradiction in the way the two strategies undermine each other.

There is to a certain extent a link between Gough’s arguments and those of Jessop summarised in chapter 2. Under the KWS state transfers in the form of regional policies, infrastructure investments and social benefits mitigated local/regional crises tendencies within developed capitalist economies. Under global ‘neo liberalism’ with increasing social and spatial polarisation emerging, uneven development becomes a central problem for the state. Strategies for place promotion and urban/regional development can come across problems of the way capital mobility can make places and spaces rapidly redundant. Sunk investment by the state can be quickly devalored through economic restructuring leading to more intense fiscal crises as identified by Offe. Furthermore, the welfare state actively shapes these processes of de-territorialization and reterritorialization through the provision of appropriate non-market co-ordination.

## **Conclusion: Acknowledging the Struggles and Politics in Constructing Local Workfare Regimes**

Much of the current critical work on neo liberalism and workfare tends to ignore or downplay the role of politics and in so doing under estimate the capacities of social groups to resist, contest and negotiate around welfare reforms. Whilst acknowledging the distinct shifts in power relations between labour and capital (towards the latter) associated with neo liberalism this is neither all embracing nor geographically even. Peck's conclusions are drawn from studies of countries (the UK and US) where major assaults against work and community based representation have taken place. There is little evidence in his research of work being undertaken on how workers, welfare recipients, the unemployed, minority ethnic groups and women are experiencing and responding to the reforms. Yet there is sufficient evidence within the context of the US (see chapter 7 for the UK) that workfare programmes are contested. At the discursive level Strauss (2003) found that many Americans had contradictory and conflicting views about anti-poverty programmes, but the majority were sympathetic to more government spending on welfare provision. Thus to consider that there is something hegemonic about workfare within the US may oversimplify the role of different politics and discourses within the overall sphere of welfare to work. Individual unemployed experiences of workfare has been mixed and that control is not monolithic and is a "complex site of accommodation, contestation, and individual resistance that hold the potential for collective resistance and social change " (Horton and Shaw 2002: 208). In New York where through the Work Experience Programme (WEP) as many as 40,000 welfare recipients have been mobilised in the late 1990s in a mass unionisation campaign around basic employment rights, which according to Krinsky, opens up

challenges to existing trade union organisation and conservatism in New York (Krinsky 1999).

As in the UK and other developed capitalist countries workfare in the US has been introduced around the meaning of work as paid employment. The role of women in welfare to work has involved struggles around recognising women and men's role as carers. Childcare is provided on condition of women fulfilling their work requirement, which is being challenged by various social movements in different cities (Boyer 2003). In many respects the consequences of workfare in relation to forcing individuals and families into untenable income levels (and therefore generating a crisis of social reproduction) which has been highlighted in Peck's research, has stimulated resistances on a mass scale through, for example, living wage campaigns in Los Angeles which have forged links between unions and community organisations (Merrifield 2002). The restructuring of the US economy in the form of de-industrialisation has had devastating impacts on urban labour markets and consequently unionisation which has led to forms of regulation around contingent labour which has created tremendous barriers to work place organising (see Theodore 2003). Nevertheless it would be a one sided picture to say that this has not involved some form of responses by organisations of the working class at both the national and local level in the form of reciprocal community unionism (Wills and Simms 2004).

In addition to paying little attention to politics and mobilisation, much of the critical work counter-poses local struggles to those conducted at other scales (see as an exception Keil 1998 and 2002). As Jonas states in his study of union and community struggles around job cuts in Chicago:



This perspective on community- based action challenges the somewhat negative view of labor's "political localism" that currently pervades the literature on unions and politics of deindustrialisation. It highlights the capacity inherent in locality based social relations for unions to shape the political and economic landscape of production. It demonstrates the details of geography and place are central to unraveling the local-global paradox of contemporary economic restructuring processes, and to developing counter hegemonic discourses and practices to those of globalizing capital (Jonas 1998:346).

Jonas therefore sees the potential for place based struggles to shape actions at other scales and that actions and agencies can in themselves be multi scaled. If networks are avenues for fast policy transfer for neo liberalism then resistance by a variety of agencies as outlined in Chapter 2 is forging its own alternative networks operating at different scales (see Savage and Wills 2003, Wills 1998, Herod 2001 Leitner and Sheppard 2002). The next chapter (Chapter 4) will explore some of these issues in relation to the implementation of welfare to work in Europe.

## CHAPTER 4 THE GLOBAL, THE LOCAL: THE POLITICS OF SCALE AND THE PRODUCTION OF NEW WELFARE SPACES IN EUROPE

### Introduction

In chapters 2 and 3 reference has been made to the importance of space and 'scale' in our understanding of the nature of the state and its current trajectory. As outlined in Chapter 2, a major thrust of Jessop's analysis of the processes of globalisation is the 'revitalisation of scale.' The shifts towards what Jessop calls a Schumpeterian Welfare State entails different spatial/temporal horizons. As Peck states, the process towards a new 'regulatory fix' "is associated with a host of changes in the spatial hierarchy of delivery systems, in patterns of uneven development at the international and sub national scales, and in modes of regulating the poor at the local level. Workfarism as a regulatory strategy is both predicated upon, and achieved through the localisation and uneven development of labour market and social policy governance structures" (Peck 2001a:360-361).

This succinctly summarises the themes to be explored in this chapter. What is required in terms of our conceptual analysis of the welfare state is to understand how space and scale are not external to the dynamics of restructuring but are integral elements of capital accumulation and social regulation. Furthermore, this assists in our understanding of some of the key contradictions, conflicts, problems and strategies of resistance that confront contemporary welfare settlements. The chapter provides a context and backdrop to the analysis of the UK and Denmark by exploring the concepts

of scale and space in relation to the multi scaled processes of labour and welfare regulation within Europe.

### **Globalisation Neoliberalism and the Reconstitution of the Reserve Army of Labour in Europe**

Work on labour market changes undertaken by Møller and Lind (2000) highlights a number of salient features. One is that there has been an expansion in wage work including employment in the public services. In addition there has been a growth in service sector employment as private industry in addition to the state has taken over the functions once performed by the family. The proportion of working age people in employment has remained constant. Whilst employment has increased so has unemployment and the industrial reserve army. What is a key feature regardless of individual national characteristics is that people at the margins of the labour market can be easily recruited and dismissed. Whilst the weakening of union bargaining and removal of employment rights has been one mechanism for promoting a more competitive labour market, dominant classes have influenced welfare restructuring and the way the labour market is managed;

But the point stands that, even with unemployment at high levels in the EU, all member countries of the Union have been concerned to expand the reserve army. These are efforts through public measures for work activation, training and education, both to turn groups of the 'surplus population' whom employers see as unemployable into targets for potential job recruitment (in Denmark for example, people have taken early retirement or maybe re-trained out of disability); and to enhance the employability of those on unemployment benefit, sickness benefit and other shorter- term social assistance (Møller and Lind 2000:27).

Although the nature of work has changed to some extent since Marx wrote *Capital* there are two elements, which have remained constant. The first is the need for employers and owners of industry to control the work process, and second is the tendency towards capital replacing labour. During the late 1980s to early 1990s economic restructuring has involved employment loss in the agricultural and manufacturing sectors in all countries in Europe except Denmark which experienced a small increase in employment in manufacturing (Gallie and Paugam 2000:19 Table 1.19). Since the early 1990s employment growth has occurred through the employment of women on a more casualized basis. This is part of the emergence of a wider sectoral and spatial division of labour of production.

Employers have been able to maintain control as well intensify work through various forms of restructuring including out sourcing, using part time and temporary employment contracts, sub contracting, breaking down demarcations and multi-tasking (Hudson 1999). All these changes are predicated on different forms of control and negotiation with labour leading towards individualisation of employment contracts but also new forms of collective labour in the new service sectors whereby there is a tendency to exclude collective bargaining procedures. Thus the 'jobs growth' of the mid to late 1990s has been based on an increase in employment in areas where employment is more precarious and unstable, rates of pay are lower and under conditions of higher rates of turnover. The link between social regulation of labour and welfare support with the process of economic restructuring is of crucial importance in an understanding of the intensity of de-industrialisation and its political economic and social geographies (see Jeffrey 2000, Hudson 1999).

Supply side economics and the dominant discourse of employability are derived from a view of the 'post industrial' economy and labour market. Activation and vocational training policies are formulated within a policy framework which places special emphasis upon the employed and unemployed becoming 'up skilled' and overcoming skill shortages in the labour market. Capital accumulation involves constant technological innovation and recent rapid developments have shaped thinking about the future direction towards a knowledge economy. There have been occupational changes involving an increase in highly skilled jobs (and as a result labour shortages), although at the same time large areas of work are untouched by re skilling. Technological innovations can lead to routine employment that requires minimum 'on the job' training. Bradley et al contend that what has occurred is skills polarisation where there has been an increasing gap between the creation of a relatively small layer of highly skilled workers and many sectors involve a low demand for skills (Bradley et al 2000:121). Whilst these arguments are particularly relevant to the UK labour market, these trends occur across Europe (Went 2000). Put more simply there is a shortage of 'decent' jobs. One other trend is that many skilled workers once made redundant, rarely achieve equivalent employment and pay. Many skilled workers are being forced to take unskilled work, and as a consequence risk being repeatedly unemployed (Layte et al 2000).

### **Welfare and Economic Governance in Europe**

At the time of writing the control of immigration within a newly expanding European space is high on the agenda, with the inclusion of the countries of Eastern European as EU members. The dynamics of this integration are complex and contradictory but they arise from the repositioning of Europe within the global economy and the need to include

the newly emerging Eastern European capitalist 'democracies' as a means to expand markets and labour and capital mobility.

This territorial expansion of the EU involves a deepening of economic and political integration and is directly related to nation state building and a particular state form, which promotes a strategy of liberalisation of the economy and social relations. For Taylor and Mathers (2003) far from the creation of the EU supra national institution(s) being a mechanism of replacement of the nation state they argue that it constitutes a spatial realignment of global capital relations and the consolidation of neo liberalism at a trans national regional level. From their perspective it is a way of strengthening rather than weakening the nation state because it is a mechanism for creating those conditions favourable for exploiting labour power which cannot be guaranteed by nation state policies. Economic and Monetary Union provides the economic discipline and the ideological legitimation for the neo liberal restructuring of labour markets and welfare within Europe as a whole (Taylor and Mathers 2003: 44). The European 'project' has evolved out of the crisis of the Keynesian economic and welfare settlement and the transfer of powers and competencies to the European level has been an integral feature of the restructuring of the post war Keynesian welfare state. There is no doubt that some form of common social agenda as mechanisms for non market co-ordination is required in order to consolidate regional expansion and enlargement at the EU level, but this has always been subject to tensions and contest particularly given the diversity of welfare types existing in the EU. The extent to which a distinct EU social or welfare state is emerging is subject to debate but it is certain that the extent and coverage of policies and spending associated within it are quite limited (Cochrane, Clarke and Gewirtz 2002).

The EMU and the social dimension (which is a vehicle for establishing common regulations around labour and training) as an amalgam of specific accumulation strategies for shaping and influencing capital and trans national regional economic restructuring are of importance in relation to urban policy and politics. Key elements of the structural funding programmes which are designed to eliminate inequality such as the European Regional Development Fund and European Social Fund are geared more to enhancing competitiveness and entrepreneurialism rather than redistribution (Etherington and Chapman 1999:198). Social policies and regulatory strategies in particular are imbued with strong and powerful discursive components, which frame and underpin politics and policies at the national and urban scales (see below). In fact the development of EMU criteria has provided both an economic discipline and ideological legitimation for market and competitive based strategies. This has given rise to the extension of EU involvement in employment.

The importance of the 1997 Treaty on European Union or the Amsterdam Treaty was the first time to any significant degree the EU developed a competence in social reproduction of labour. The Employment Chapter enshrines the notion of 'Employability' as the touchstone of social development and economic growth with the EU (Taylor and Mathers 2003:43)

With respect to welfare to work and the European Employment Strategy (EES) the arguments of Pascual (2002) are relevant here. She contends that the EES is not a specific European Strategy, but a strategy for co-ordinating national employment strategies around specific discourses and meanings about the labour market. The EES throws up concepts such as activation, adaptation, flexibility and partnership with sufficient ambiguities to make national adaptation easy. There is also a coercive and symbolic element as national policies are being increasingly shaped by the ideologies

produced within the wider framework of the EU Social Agenda. For example, activation according to Pascual has several meanings but can be related to a process of adapting individuals to the new economic order and knowledge based society. The uneven processes of economic change – which are a result of decisions made by economic interests linked to the ownership of capital – are displaced on to the individual. The problem is how the individual can adapt to these complex changes. This process of adaptation is termed 'employability' which focuses on the supply of skilled labour rather than the demand for work and the creation of jobs. This discourse is at the heart of the EU political strategy for accumulation which is being, embedded within the various national welfare settlements (Pascal 2002:16 see Went 2000:4). As Visser comments the main plank of the EES, is to act as a vehicle to transform social protection systems from safety nets to spring boards for new skills and jobs (Visser 2004:1 see CEC 2001).

The abandonment of Keynesian/ social democratic or socialist ideologies involves three interconnecting elements according to Pascual. First, is what she terms the “ reversal of the order of established causalities” – this refers to explanations of causal processes in the labour market. Social protection (i.e. social security) was deemed to have a function for combating exclusion and poverty as well as assisting labour market integration as the unemployed seek work. A conceptual reversal has taken place where social security is seen in a negative way and potential drain on society's resources and a cause of inflation. Labour market participation (as opposed to redistribution through income transfers) is the route out of social exclusion although it does not address the issue of the working poor.

Accordingly, this terminological and ideological shift in the questions regarded as problematic serves the functions of depoliticising the management of social



conflict in a manner that prevents the socio political character of social exclusion and unemployment from emerging (Pascual 2002:22).

Questions of power and oppression are sidelined and social conflict is managed outside the political arena. Second, there exists what Pascual terms “the cancellation of earlier conceptual oppositions.” This means that embedded in contemporary discourse is the notion that principles of economic profit and social justice are entirely unproblematic and in fact quite harmonious whereas previously they have been seen as inherently *potentially* conflicting. The shift of attention is on segmentation and marginalization – or ‘new social divisions’ within the workforce (which active labour market policies and ‘reskilling’ can help to eradicate) rather than the basic divisions between capital and labour. Third, the new EU discourse creates ‘new dichotomies’ such as active and passive (see CEC 2002). Benefits are defined as possessing a passive function – those on benefits could be in a vegetable state as opposed to doing anything useful with their lives whilst active means inclusion into the labour market. There are in other words strong moral undertones around the concepts of active and passive, which deflect attention from realities of the labour market. For example, work is made the condition of individual autonomy and acts as a disciplinary instrument. Activation as a mechanism of social control reverses what is seen as passive and active – activation actually has a passive impact on the individual because of its weapon of social control.

What Pascual is describing are some of the discursive dimensions of EU Schumpeterianism that interlock with national regulatory frameworks of welfare and workfare which are implemented at the local level. The EU has therefore a role in driving and shaping the ‘workfare’ content of local employment strategies through its structural, social and various urban funding programmes as well as the type of partnership

coalitions and structures which are endemic in the new urban growth and development models (Pascual 2001a:31).

### **Revitalising the Local in Welfare to Work: Tensions and Contradictions in the formation of New Welfare Spaces in Europe**

The previous chapters have conceptualised rescaling as political strategies driven by forms of social and class power, and argued that different spaces embody specific class relations (see Gough 2003:24). Within this approach it is possible to conceptualise the rescaling of economic governance in Europe as involving highly complex often conflicting and contradictory economic, social and political strategies. The process of searching for an 'institutional fix' comprises a condensation of multiple scaled processes – in other words the influences of global regions, national, regional, sub regional neighbourhood political strategies. The question is what is special and significant about the EU in the context of the state restructuring analysed in the previous chapters.

In this contemporary phase of capitalist globalisation there are profound changes taking place at the urban level which involve what Neil Smith terms a “new geographical axis of competition” pitting cities against each other in the global economy (Smith 2002). This intensification of urban and place competition has fundamental implications for the construction of local welfare politics and interventions (Smith 2002:100). Spatial uneven development whilst necessary for accumulation is also a problem because of its potential destabilising effects.

Particularly, during periods of systemic capitalist crisis, when uneven development threatens to undermine normalized patterns of accumulation and social reproduction, pressures to junk and rework extant institutional

frameworks and regulatory strategies become particularly intense. Under these circumstances, a period of institutional searching and regulatory experimentation ensue in which diverse actors, organizations, and alliances promote competing hegemonic visions, restructuring strategies, and development models. The resultant search for an “institutional fix” generally entails the partial dismantling and reworking of inherited institutional landscapes in order to “open up a space” for the deployment and institutionalization of new regulatory strategies. Regulatory landscapes are continually made and remade through this intense, politically contested interaction between *inherited* institutional forms and policy frameworks and *emergent* state strategies (Brenner and Theodore 2002:9).

It has been argued that EU expansion will lead to increasing spatial inequalities and as a consequence higher rates of unemployment and under employment in Europe (see Williams and Balaz 1999).

However the expansion of the EU into CEE (Central and Eastern Europe) will sharply intensify the policy problems – at a minimum extending the period of ‘temporary shocks.’ Whilst the projected 12 new member states will increase the area of the EU by 26 per cent and its population by 22 per cent, they will only add 4 per cent to its GDP (Schon, 2002).... The development gap between CEE applicants and the existing EU, along with greater intra-CEE inequality, will severely increase pressure on the non agricultural structural funds. This will in turn put further strain on the EU’s budget and its capacity to address these problems in ways that will retain its legitimacy, especially if this results in significant reductions in funds to cities and regions within existing member states (Hudson 2003:61).

This comment by Hudson illustrates the inter relationship between “upward” and ‘downward’ scaling of the state and inherent problems associated with this. The recent work of Brenner (2003) and Swyngedouw et al (2002) provides some insights into how the process of state decentralisation is currently evolving within Europe.

Brenner’s thesis is that a new process of urban rescaling is taking place within Europe involving a shift towards governance at the metropolitan scale.

The resurgence of metropolitan reform initiatives during the 1990s may be conceptualised as a constellation of political responses to the policy failures, coordination problems, institutional dislocation and crisis tendencies associated

with entrepreneurial approaches to local economic governance that prevailed during the preceding decade (Brenner 2003:315).

Metropolitan reform initiatives are spatial responses to a more economically competitive globalisation that requires new forms of political strategies, which require a more strategic and co-ordinated approach to resolving socio economic problems of cities. City regions or metropolitan scale are seen as the required and appropriate space for promotion and marketing. The study of urban development projects in a number of European cities by Swyngedouw et al is a useful complement to Brenner's work because it provides some further insights into the institutional and political configurations, which are taking place. Under the broad umbrella of competitive cities strategies, large 'flag ship' projects are being implemented that reflect the evolution of a 'new urban policy' (NUP) and involve a number of elements.

According to Swyngedouw et al, changing forms of representation and accountabilities give rise to a more elite and authoritarian form of management and selective inclusion of 'appropriate' actors. At the same time the restructuring of the relationships of local government within the wider urban governance structures tends to marginalise or redefine their roles and responsibilities. There is a tendency for local government to be less of a key player and more of a partner amongst many 'stakeholders.' Meanwhile in relation to policy priorities, places are targeted rather than people as part of a shift away from a politics of redistribution to a politics of growth.

There is little work on the geographies and governance of welfare to work in Europe and therefore it is only possible to make some broad general interpretation of how local

welfare and labour market strategies might be located within the processes of localisation.

1. There is a general tendency towards the decentralisation of 'activation' or employment creation to local authorities. Local government is increasingly emerging as a key institution for the implementation of national programmes. This is occurring in the Scandinavian countries but also in Germany (social assistant clients), France (e.g. 'Youth Jobs Scheme) and Italy. In Spain the primary scale for labour market policy is at the regional level. Decentralisation is being increasingly used to solve the fiscal crisis associated with rising unemployment and social exclusion. Local authorities have the competence but the power lies with central government in terms of financial and performance targets (Pascual 2001a).
2. In some of these countries the role of the regional authorities is important in relation to intervention in the labour market. There tends to be a hierarchical arrangement in relation to regulation and approving employment and training programmes (Regional Councils in Scandinavia, Länder in Germany and Regional Authorities in France and Spain).
3. The third issue closely connected with the arguments of Swyngedouw and Brenner is the creation of a new urban policy and the increasing use of area based initiatives across Europe (see Madanipour, Cars and Allen 1998). In this respect national programmes have been considerably modified by urban strategies to tackle deep-seated social/spatial inequalities. Thus, for example even in the more universal and social solidaristic welfare states local welfare regimes have been 'eroded' with the development of a more market orientated and privatised models of public service provision. In tandem with these changes labour market and 'social insertion' policies

have become more spatially targeted particularly towards social housing complexes comprise concentrations of those at the margins of the labour market. (see Elander and Stromberg 2001). New growth strategies as part of 'place competition' may contradict welfare to work or workfare objectives because spatial "labour markets become out of joint or are mismatched. Targeted labour market policies might remedy some of this disjuncture, but the sheer scale of labour market restructuring often implies prolonged stress on the labour market combined with painful process of adaptation and, frequently, a growing separation between remaining local communities and the incoming new workforce "(Swyngedouw et al 2002:571).

4. The problems of ever widening social/spatial polarisation need to be understood in relation to the problems of inter scalar co-ordination associated with construction of metropolitan governance. In relation to activation there is a proliferation of strategies, which can conflict and contradict each other, but are increasingly prone to policy failure because the tendency to increase the number of initiatives/projects is not matched by appropriate resources.
5. Honest et al conducted a survey of activation policies in Europe which reveals that activation works well in relation to people who are in effect already closer to the labour market and 'employable' but less well in terms of people on minimum income and social assistance schemes (Honest et al 2001:33). This throws into sharp focus the impact of fiscal austerity measures upon large section of the reserve army who require minimum social and welfare support to overcome the impacts of labour market transitions (Dean et al 2002).

## **The Politics and Struggles in the Making of New Welfare Spaces in Europe**

The rescaling of economic governance as embodying political strategies highlights the importance of understanding state restructuring/rescaling and policy formation as being contingent on class and social struggle and the balance of social forces. This analysis requires some integration into urban research of the role and nature of political and social movements, moments, sites and strategies of resistance and negotiation. As Mandel argued:

When we speak of the uncertain outcome of class struggles during a long depressive wave, we have to examine not only the situation of the wage-earning class but also that of the ruling class. Whilst it is clear that the relative strength of the working class is weakened by rising unemployment in the depression, we stressed repeatedly that this weakening is only relative. The wage earners keep a potential of resistance, accumulated during the previous expansive long wave (Mandel 1995: 133).

For Mandel historic legacies and infrastructures of mobilisation constructed during the Keynesian period have remained in place despite the large-scale effects of neo liberalism upon social and political relations. Indeed the crisis of crisis management can be an expression of the limitations of neo liberalism in imposing its solutions at the expense of wage labour or the working class because of capacities of negotiation, struggle and resistance to social and institutional changes (see Kelly 1998 in the context of the UK). With these general comments in mind the remainder of this chapter will examine the social and political mobilisations around welfare and 'activation' within the overall context of state restructuring in Europe.

At the EU level there is a challenge to the dominant liberal policies both from within the established labour movements and the newly emerging social movements. There is some evidence to point towards a realignment of social forces between the established labour movement that has forged cooperation and social pacts at the EU level and the coalitions that have been formed through as well as outside the parameters of the labour movement (such as for example the European Social Forum).

These networks have thus mobilised around a political engagement with transnational institutions and the demand for concrete, substantive rights at the European level. These struggles are an important counterweight to the official labour movement that has capitulated to the neo-liberal agenda and form the basis of a radical renewal of labour movement politics in Europe (Taylor and Mather 2003:52)

Part of this opposition to neo liberal orthodoxy is the construction of an alternative discourse to 'employability' as part of the struggle against unemployment and social exclusion. Trade unions and social movements have focused on the distribution of work in relation to the working week including demands to reduce the working hours (Went 2000b). In addition there has been widespread contestation at the EU level around the potential adverse impacts of EMU on both welfare and employment. Indeed the employability is becoming open to questioning on a European level because of the apparent limitations of active labour market policies. They facilitate re-employment but do not create jobs (Martin 2000:393). At the same time the third sector and those involved in building the 'social economy' have mobilised at a European level to highlight problems of social exclusion (Darmon 2001).

Bonefeld succinctly describes the impact of the EMU on national social pacts;



EMU merely provides a supra national anchor for the pursuance of a politics of austerity. Whether the 'anchor' fulfils its purpose does not depend on the melody of European integration but on the outcome of class struggle. EMU transmits and amplifies domestic or regional revolts across Europe and, therefore, makes the European states much more dependent upon each other. Failure to contain the labour question in one member state will have adverse consequences for all the others. In other words, each national state not only competes with the other for competitive advantages but, also, depends on the others for containing class struggle (Bonefeld 2001:134).

The legitimacy of the EU project and EMU depends largely on the social pacts (meaning agreements between capital, labour and the state about a range of issues relating to wages, social provision, industrial relations) in the member states and the extent to which the social partners negotiated fiscal reforms to meet convergence criteria. This has been uneven with some member states moving relatively easily to programmes of privatisation, pension and industrial relations reforms whilst in other countries there have been intense mobilisations which have also transcended national boundaries particularly around increasing unemployment (Taylor and Mathers 2002:47 see Went 2000b). At the national level the ability or capacity for the EU to translate its political strategy is highly constrained by the political struggles engendered over national welfare reforms.

National and EU wide mobilisations are inextricably linked to and derived from the experiences of and response to exclusion and inequalities in localities. Cities are sites in the construction or production of places which generates social mobilisation.

Places as apparently coherent entities can be (re) produced discursively, as when local political leaders 'speak' for the 'place as a whole' and claim to represent 'its interests.' But such discursive constructions are always contestable and often contested, although inequalities in power may result in one construction becoming dominant or even hegemonic (Hudson 2001:268).

Swyngedouw et al (2002) claim urban development projects and growth strategies may not be directly contested because of the depoliticised processes of decision making. However, the redirecting of resources away from social provision, and the promotion of gentrification and consequent social spatial polarisation can cause deep-seated resentments and resistance within neighbourhoods and estates. Discrimination on the basis of place through stigmatisation (or "territorial stigma") can combine with a multitude of other social oppressions on the basis of racial discrimination which have led to widespread social disorders in some European cities (Wacquant 1999).

Urban partnerships take on different forms within member states dependent upon social, cultural and institutional traditions but Pascual identifies some common problems that have been the focus of social struggle. She notes that there are explicit inequalities in the roles and influences of the various actors within the partnership structures, and that these partnerships act to legitimise, reinforce and sustain these power inequalities. The democratic deficit in terms of unequal representation on the partnerships is often questioned and a source of conflict. However the increasing emphasis upon the role of the third sector in areas of welfare and labour market policies can lead to conflicts around the way this is occurring at the expense of universal or comprehensive welfare policies. At the same time a lack of sustainable jobs provides a source of conflict around the legitimacy of local labour market policies. The very objectives and point of many schemes may come under scrutiny. Since the level of resources required to sustain social and labour market programmes is often insufficient, struggles to control funding programmes may undermine partnership working. Pascual stresses that the existence of discriminations in the labour market on the basis of ethnicity, gender and disability

become a source of tension around the ability of activation measures to deliver equal opportunities (Pascual 2001b: 399-401).

Cities are important locales for social mobilisation involving different agencies. The trade unions have an active involvement in local labour market policy in neo-corporatist countries (e.g. Scandinavia and Germany) where there is a tradition of tripartism. In other countries they often take a more 'hands off' approach (e.g. in the UK and France) but have an important role in the struggles around social reproduction issues such as health, social services and education which play a key role in facilitating access to the labour market.

As potential agents of struggle and mobilisation the role of the 'third sector' is more complicated to analyse. On the one hand it has been implicated in the more negative developments in social and welfare restructuring – i.e. creating welfare on the cheap. Indeed it has been a tendency throughout Europe and actively promoted at the EU as well as national level for the state to offload many social and welfare responsibilities on this sector. This may be one reason for tensions between the third sector and trade unions because in some eyes this can be viewed as another form of privatisation of the public sector. On the other hand the 'third sector' may also be seen as representing a constituency not covered by the trade unions – minority ethnic groups, recent immigrants and asylum seekers, women, and youth who are all on the margins of the labour market. They can and often do act as advocates as well as providing services (Estivill 2001).

## Conclusion

This brief survey of welfare and work in the context of state restructuring and spatial rescaling in Europe has highlighted two key areas to be examined and developed through the case studies;

First, that the making of welfare spaces involves a more problematic and contradictory process because of the nature of the labour market and social and spatial polarisation endemic in globalisation strategies. Neoliberalism as a class strategy involves multiple strategies and rescaling of the state which can only serve to accentuate the problems and contradictions of the welfare state as identified in Offe's work (Offe 1984) – legitimacy, fiscal crisis and management/steering.

Second, the making of welfare spaces is a social and political construction through a variety of political agencies. The ways in which neo liberal strategies are 'worked' out will be a result of the actions of different social and class forces. The survey suggests that within the EU context, there are multiple sites of resistance and struggles challenging dominant or hegemonic discourses and actions, which serve to both, deepen and/or lessen the contradictory tendencies of contemporary welfare to work programmes.

## CHAPTER 5 INTEGRATING WORK AND WELFARE IN THE UK SETTLEMENT: CONTRADICTIONS TRANSITIONS AND CONTINUITIES

### **Introduction: Constructing the Post War Settlement**

The formation of the UK model of the KWS after 1945 essentially comprised two elements. One was the emergence of the provision of the National Health Service, mass public housing programmes and the expansion of social and welfare services provided by local government which together comprised a strong 'collectivist' element. In addition the nature of social policy and labour market programmes were however essentially liberal in nature in that they were geared to access to the labour market. The benefits system was built around a 'male bread winner' model of entitlements and a contributory unemployment insurance system. Non members of the system were entitled to national assistance (which later became supplementary benefits) but this was heavily means tested. Other benefits were introduced including family allowances and most of the population became eligible for some sort of income maintenance benefit as a buffer against poverty. Although the benefit system was designed around the principle of most people (or men) being able to get access to work, training provision was rooted in the principle of voluntarism (Cochrane 1998:308).

Trade unions played a marginal role in terms of political representation on government forums in the negotiation of welfare and social policies – a reflection of the politics of both the Labour Party and trade union leadership (Crouch 1999:438-439). In any discussion of the balance of class forces, it is important to locate the specific strengths and weaknesses of the UK labour movement. On the strengths – the trade unions had a

large membership and potential mobilising capacity. Their main weakness was the leadership's determined narrow focus on traditional 'trade union' issues, focused on defending the position their existing (mainly male) members. The unions and indeed sections of the women's movement supported the role of women as primary carers and as maintaining the family, even though there was an active equal pay campaign organised by women and rank and file trade unionists and Labour party members.

It is clear that the widespread ideological belief in women's primary domestic responsibility was embodied in the Labour government's appeal to women to return to work....The failure to provide any support services for working married women, except in exceptional circumstances reinforced the message that domestic work, and especially childcare, were to remain within the home, and that in taking up a new role outside the home, women were not going to lose their old one within it. Instead they were to be praised for performing two roles (Blackford 1993:224-225).

In essence the lack of commitment towards equal pay and rights to social benefits for women by the Labour Government during the late 1940s and early 1950s was shaped by the stronger commitment towards pay controls in order to maintain international competitiveness and the profitability of British capital. The attitude towards wage negotiation by the TUC was embodied in the voluntarist tradition which decentralised collective bargaining to the workplace/industrial sector and more importantly did not place any obligations on employers to bargain with unions and collective agreements were not legally enforceable (Hyman 1993, Edwards et al 1998:5). In areas of training therefore – in contrast with other European social democracies including Denmark - the rule of the market took precedence and both employers and unions favoured training through work based apprenticeship schemes (King and Wickham –Jones 1999:442).

The Labour Government in the late 1960s focused on wage regulation through incomes

policy and the notion that 'curbing the power' of the unions was key to maintaining economic stability as reflected in the Donovan Commission and "In Place of Strife" Reports, (see Burnham 1999:52-56) and cuts in public expenditure by the 1974-79 Government. Contrary to public perceptions the 1970s were characterised by a retreat by the trade union and labour movement in terms of defending living standards. In essence, the balance of class forces during the 1970s was shaped by a weak influence of the left in the Labour Party and trade unions, a strongly reformist TUC leadership and a well organised ideological offensive against the working class and its organisations by the media (Hyman 1989). In essence the post war consensus and compromise was based on highly unequal form of corporatism whereby the trade union and labour movement's influence upon social policy was weak.

It would be useful to draw together some of the main strands in relation to what has been termed a shift in the 'welfare settlement.' The underlying causes of the shift lie with Britain's poor economic performance and the failure of the state to restructure the economy in the face of a more intense international competition. In relation to the orientation to 'welfare to work', Cochrane (1998:326) highlights four key features. The political dimension comprised a clear shift towards supply side politics and discourses. The economic aspect relates to promoting labour flexibility for a competitive global economy. In terms of the social agenda, the new settlement features an orientation towards personal obligations on the unemployed and job seeker to seek work and accept training and /or job offers. Organisationally, the welfare shift involves greater involvement of quangos and non directly elected agencies in the running of programmes. It is this emerging fragmentation of the state that is epitomized as a 'contracting state' (Ainley 2001:465).

Within Jessop's theoretical framework, the UK 'version' of the Schumpeterian Workfare State was rapidly evolving during the 1970s not only through the reorganisation of local government but also in the responses by the local state to the urban crisis through the construction of its inner city policy. This led to a tension between on the one hand, inner city policy providing a focal point for local authority intervention in economic and social development, whilst, on the other hand, the local government resource base and powers were being increasingly curtailed (Atkinson and Moon 1994).

In his assessment of the first year of the Thatcher government, Miliband argues that the politics of the post 1979 Conservative Government incorporates a social strategy which was designed to produce a social climate favourable to capitalist enterprise. In essence, the strategy according to Miliband, is imbued with a more sophisticated assessment of the 'balance of class forces and the orientation towards a market based and anti union strategy as a vehicle for restoring profitability. The 'radicalism' of Thatcherism is largely based on the transparency of its class politics rather than it containing fundamental points of departure from previous politics (Miliband 1980).

In many ways the key changes made by the Conservative Government in relation to regulating the labour market were the 1985 Fowler Review of Social Security. This involved both widespread cuts in benefits for young people under 25, redefining entitlements making young people dependent upon families and reasserting the family as the primary source of income support. The Review involved availability of work tests placing pressure on the unemployed to accept jobs at any wages (Gray 1988)



This was followed by the introduction of the Job Seekers Allowance in 1995 which links benefit payments to compulsory training, job hunting assistance and low paid work. The other key change was institutional, in the creation of the Training Enterprise Councils (launched in 1988), charged with responsibilities for training the unemployed. The TECs were designed to operate as private businesses – they were performance driven in terms of funding regimes as income was based on results. As well their private sector modus operandi their organisational make up tended to favour business elites (Peck 1996 Jones 1999) To sum up the Conservative labour market and training strategies were contingent on the market providing solutions to filling the skills gap. The fact that there is evidence of policy failure and crisis in state training is crucially important to an assessment of the direction of labour market programmes under the New Labour government (cf Jones 1999).

### **New Deal for Unemployed and Discourses of Welfare: The Politics and Ideologies of the Third Way**

Levitas (1998) argues that there are three 'discourses' which are shaping New Labour's welfare policy agenda; redistribution discourse (RED), moral underclass discourse (MUD) and social integrationist discourse (SID). This is a useful categorisation because it enables an assessment of New Labour's approach with respect to the historic legacies of pre and post war welfare state construction discussed above. In this respect the third way, rather than a radical break from the past, displays remarkable continuities with certain traditions in UK welfare policy.

The *Redistribution Discourse (RED)* acknowledges that poverty and social exclusion are multi faceted products of a market economy and deficiencies in social policy. Townsend's study of poverty (Townsend 1979) highlighted the extent to which levels of income were associated with different levels of participation (or membership of) society. Low income brought not only poverty, but also social exclusion (lack of ability to participate in 'normal' activities of society). The experience of the Thatcher governments, which generated increased inequality, reinforced the argument for action to be taken against the interconnected factors that led to social exclusion. As the consequences of policies by Thatcher's government were impacting on the general population leading to greater inequality, the concept of social exclusion became attractive in that it represented a dynamic situation where different and inter connected processes were operating. In this discourse the distribution of wealth and power are seen as an important element in the process of exclusion and that policies which address this are appropriate for promoting inclusion. This implies in effect a reversal (or radical change) in the pattern of policies since the late 1970s.

The Moral Underclass Discourse (MUD) came about from the growth of New Right thinking in the 1980s which brought into sharp focus benefit dependency and the moral dimensions of those who rely on benefit for their survival. Politicians were eager to borrow from the ideas of the intellectual Right who posited the term "underclass" to identify a group and segment of the population which is permanently at the margins or outside the labour market. New Labour also referred in some statements to the underclass as a way of underpinning its social policies so that benefits entitlement were made conditional of moving into work or training.

*Social Integrationist Approach (SID)* involves an assumption that participation in paid work is the solution to social problems;

The policy is that everyone of working age should be in paid work rather than dependent on the state (although personal economic dependency is still permissible), a situation to be achieved by a mixture of sticks and carrots. The sticks are increasingly stringent benefit conditions for all groups, ranging from compulsory work focused interviews for all claimants, to complete benefit withdrawal from under 25s refusing placements (Levitas 2001:393)

Levitas suggests that there is a common thread running through the three 'discourses.'

RED, SID, and MUD are presented here as distinct discourses. They are of course ideal types. All them posit paid work as a major factor in social integration, and all of them have a moral content. But they differ in what the excluded are seen as lacking. To over simplify, in RED they have no money, in SID they have no work and in MUD they have no morals (Levitas 1998:27).

According to Levitas, New Labour has shifted the ideological debate towards SID and MUD through its welfare to work agenda. Thus, benefits and 'benefit dependency' according to these discourses undermines people's motivation to work – which is the building block for rebuilding welfare (Grover and Stewart 2000)

In addition to the above 'discourses' there is a further important ideological as well as material basis to workfare, which is the role of globalisation. What distinguishes the current period of welfare transitions from the previous phase (say between 1979-early 1990s) is the perceived need to make labour 'competitive' and reduce the costs of welfare in the face of global competition. The global arena has rapidly become the 'battleground' "over which ideological and political struggles about the desirable model of welfare (Yeates 2001:29). In this respect New Labour has integrated a globalisation

'discourse' within its welfare politics to promote its own particular variant of neo liberalism (Ferguson, Lavalette and Mooney 2002:167).

### **The New Deal for Unemployed: The (Re)Construction of Workfare and Residualisation of Welfare**

The New Deal for Unemployed (NDU) established in 1997 is the Labour Government's flagship strategy against unemployment. The New Deal for Unemployed involves primarily three age groups – young people (NDYP), for those over 25 years (ND25+) and also the over 50s. In addition the programme is targeted at specific social groups such as lone parents (NDLP) and disabled as well as certain occupations /sectors of the labour market, for example unemployed musicians. The NDYP is a compulsory programme for young people aged 18 - 25 years who are claiming Job Seekers Allowance. Claimants are assigned a personal advisor and during the initial stage – the Gateway – intensive counselling and advice is provided. This can involve getting people into unsubsidised jobs as well as preparation for the next stage which is known as the Option stage involving a menu of options open to the unemployed including subsidised employment, full time education and training, environmental task force and voluntary sector option.

All the options contain a training element. A similar process applies to the ND25+ except that there is a stage which involves an intensive activity period where there is both education and training as well as a £75 weekly subsidy for employers. As will be explored in more detail below, the New Deal Programme from the outset was a national programme but with a spatial focus and targeting. Employment Zones were aimed at the

long term unemployed originally established in 2000 – 2002 (and extended to 2003) in 15 areas where there are particularly high rates of unemployment. This has been followed by the establishment of Action Teams in deprived wards where there are concentrations of minority ethnic groups who are unemployed or outside the labour market. The purpose of the Teams is to operate on a multi agency basis with the aim of targeting those who are outside the New Deal system. Together these various strands of labour market policy “will transform a passive benefits system into an active welfare state, helping people into jobs, and meet the needs of potential employers “ (Department of Work and Pensions 2003: 29).

**Table 1 Distribution of new deal participants by option**

	Employment (%)	Education Training (%)	Voluntary Sector (%)	Environmental Task Force (%)	Number in the New Deal
June 1999	25.8	40.4	17.7	16.1	149,900
June 2000	17.0	42.2	21.6	19.1	126,300
June 2001	17.1	39.5	23.5	19.6	102,700
June 2002	19.0	36.8	23.7	20.5	89,500

Source: Blundell et al (2003) p 52

The extensive nature of the programme can be illustrated by the numbers participating on the NDYP which is the largest of all the different types of activation programmes under the umbrella of the New Deal (Table 1).

One core difference between the New Deal and the Danish model is that the New Deal is mainly targeted at the unemployed whilst the Danish approach discussed in chapter 7 involves a more integrated system whereby both the employed and unemployed have rights to the various options concerning the leave schemes. Labour market policy in the UK has been separated in the sense there is a vocational training and skills development agenda administered by the LSCs, whilst Job Centre Plus manages (or contracts) training for the unemployed on the NDU programmes (Ainley 2001).

The creation of the Department of Work and Pensions and the Job Centre Plus agency charged with the operation of both benefits and the New Deal in 2002 was part of a strategy of integrating the various strands of the benefits system, and making access to benefits more contingent on work. In many respects the changes since 1997 represent a more punitive and work focused regime with benefit sanctions being deployed more vigorously and a tightening of eligibility to benefits (see Grover and Stewart 2000).

The development of the New Deal programme has embodied a social construction of difference in that specific groups are being targeted for intervention such as people with disabilities and lone parents. Furthermore minority ethnic groups and women also proportionally participate less in the New Deal programmes than white males (see TUC 2002a). Taking women as an example, access to benefits determines participation on the New Deal. In the debate about the real level of unemployment estimates about the number of women looking after children or the home full time and not claiming either unemployment or sickness related benefits has come under scrutiny.

The argument here is that there has been a growth in hidden unemployment amongst both men and women. Beatty et al (2002) argue that there are limitations to official unemployment figures. The most widely used figure for measuring unemployment is the claimant account. This is measured by compiling statistics on those who are claiming jobs seekers allowance plus those who are registered unemployed for national insurance credits and are not eligible for claiming Job Seekers Allowance (JSA). However there are four groups which are not taken into account but which the authors argue should be included.

First, there is the International Labour Office (ILO) definition of unemployment. These are people who are ineligible for JSA, including those who have left their job voluntarily or who were dismissed for misconduct. These people may sign on to claim their National Insurance credits or other benefits but they will not be counted as unemployed even if they are readily available for work. What is significant about this process of exclusion, (which in effect it is) relates to the fact that women are particularly vulnerable to 'hidden unemployment.' As they state:

Many women who are actively seeking work and available to start (and therefore included in the ILO definition of unemployment) do not qualify for JSA because their partner is in work, and as a consequence they are omitted from the claimant count (Beatty et al 2002:8).

The second group identified by Beatty et al (2002) are those on government schemes. The authors consider that some of these need to be included as 'hidden unemployed' because there is no doubt that some of the schemes are of a 'stop gap' nature and if there were jobs around the participants would be in gainful employment. In this respect

their findings have striking parallels with the work of Danish researchers on hidden unemployment as analysed in chapter 7.

Third, is the group which is deemed to have been “pushed into premature early retirement.” The unemployment benefit system is such that there is no incentive for many people out of work to sign on. Many people who have been made redundant or under threat of redundancy will attempt to seek early retirement as opposed to claiming benefits if there are no alternative jobs around. If alternative employment was available their health and age may allow for continued employment. This group is discounted from the ILO figures, although the authors consider that early retirement is a form of hidden unemployment – based on the criterion that if work were available then they would be in employment.

The fourth group relates to those claiming sickness benefits. For the authors this is an important element of hidden unemployment. Two thirds of those claiming Incapacity Benefit (IB) actually receive it as one third, because of insufficient NI, credits receive means tested Income Support with a disability top up. The point is that those on long term unemployment who suffer health problems (and of course the two are closely linked) will have an incentive to claim IB instead of JSA. The crucial issue here is that whilst many long term unemployed can produce a case for going on sickness benefit, at the same time they are not necessarily too sick to undertake all types of work according to Beatty et al (2002).

The question of how many women would register as unemployed if they could feasibly work is raised by Beatty et al. This is an important point because it is an inbuilt



assumption of the New Deal for Lone Parents, for example, that if childcare facilities were available, women would work. Because the situation relating to childcare is so problematic in the UK many women give up their jobs and stop seeking work because of shortages/prohibitive costs of childcare. Just to underline this point, taking Denmark as an example again, the proportion of women single parents registered as unemployed is the same as those in dual carer households. This is due to the way the social security system operates in terms of a 'dual breadwinner' model so that barriers to child care are not significant in Denmark. The JSA embodies the male breadwinner of social benefits, which helps to explain gender differences in hidden unemployment. The operation of the JSA is often punitive and many people are 'discouraged' by the system to claim (see Warren 2000 and Beatty et al 2002).

The above discussion can be viewed as an attempt to identify and quantify the different 'categories' of Reserve Army of Labour (RAL) as analysed by Marx and developed within a contemporary context by Møller and Lind (2000) and analysed in chapter 2. Whilst the official unemployment rates are falling, this can be interpreted as a reduction in the 'floating' category relating to those who are in an out of work and tend to be more 'employable.' At the same time there has been an expansion in the 'latent' category of the RAL as represented by the people on sickness and invalidity benefits but could be in work if demand conditions were different.

An important aspect of this new system is that social benefits have been retained at low levels. Grover (2003) suggests that this 'model' has an important economic role in that it orientates social policy towards neo liberal growth by supporting free markets – in this case the labour market. The NDU in this sense represents a systematic approach to

directing the reserve army to the labour market and in so doing, subsidizing the wage costs of employers. The NDU has also increased the size of the reserve army by drawing in other groups such as lone mothers, the disabled and people on sickness benefits. Grover also outlines how the NDU differs from the previous Conservative labour market policies.

Compared to the Conservative's approach this has involved both continuity and change. Continuity is visible in the individualising of unemployment through supply side foci upon the character and characteristics of the non-employed. However there are important departures in the regulation of the reserve army. Overall, 'new Labour' has been more active in promoting the effectiveness of the reserve army. The Conservatives particularly in the 1980s, were willing to let the reserve army be governed by what would now be termed a 'passive' benefit regime. This changed somewhat in the 1990s with the development of the Jobseekers' Allowance and has been extended by New Labour who has increased the authoritarian nature of the benefit regime through the new deals (Grover 2003:22).

The effect of this strategy is to reinforce the UK's role as a 'low wage' economy. But it is important to emphasise here (a point which Grover neglects) that these downward pressures exerted by the operation of the NDU, are related to the fact that those employers and sectors which receive NDU unemployed, tend to have little trade union presence. Most wage levels tend to be tied more to the minimum wage rather than through a sectoral collective bargaining procedure, as is the case in Denmark.

The NDU also operates as a mechanism that uses subsidised wages as a replacement for the social reproduction functions of welfare, which have been substantially eroded. Thus, for example the cuts in grants to local government and other areas of social and welfare services implemented under the Conservative Governments have not been restored by New Labour with the effect of adversely affecting many areas of social

reproduction which facilitate access to the labour market (child care, health, transport and training)(see Etherington and Jones 2004 and below).

### **The Spatial Politics of Welfare to Work: Restructuring Political Representation and Rescaling Local Economic Governance**

Since 1997 decentralisation has taken a specific form with the design and delivery of the NDU placed in the hands of local partnerships. To some extent this recognition of 'local difference' has been built into the running of the programme. From the start various pilots from the Pathfinder Programme in the late 1990s, have been important elements in the formation of a national policy regime (Hoogveldt and France 2000). The NDU has become interlocked within a process of restructuring of local governance, which has three main features (Swyngedouw et al 2002).

*(1) New regimes of urban governance involve more complex and varied institutions and agencies and the subordination of formal government structures;*

Under New Labour, the contract culture established under the previous Conservative government has intensified in terms of the delivery of further education and lifelong learning. The setting up of the Learning Skills Councils is part of a wider reconstruction of the state on the lines of a "holding company" because of the emphasis upon contracting out in the delivery of services which reinforces a process of fragmentation and increasing complexity in the management of various programmes. This has served to blur lines of accountability as well as centralizing even greater power in the hands of the Treasury (Ainley 2001: 474-475) This contract culture has permeated the delivery of

the New Deal comprising different types of contract models dependent upon the partnership arrangements within the locality (Sunley, Martin and Nativel 2001).

The evolution of complex and varied institutions involves a 'rescaling' or the creation of multi-level governance of labour market policies. First, the creation of the Regional Development Agencies and new modes of regional governance has entailed relocating responsibilities of local economic governance to the regional level. An example of this is the management of budgets for urban regeneration (formerly the Single Regeneration Budgets) and the production of regional employment and skills plans. This regionalisation has necessitated the creation of an intermediate tier of governance at the sub regional level, which tends to involve joint local authority representatives in policy planning. In terms of labour market policy, this is the level where the Learning and Skills Councils operate. At the urban level, the Labour government has created Local Strategic Partnerships for the management of economic, social and environmental programmes. These partnerships tend to embrace the delivery of the New Deal and act as coordinators for smaller scale area based 'bottom up' programmes funded by the SRB and European Regional Development Funds (in the major urban conurbations). Furthermore, the creation of forms of neighbourhood governance through the National Strategy for Neighbourhood Renewal (New Deal for Communities) involve another but significant layer of governance of employment and social programmes at a level below traditional local government (Jones and Ward 2002, Diamond 2001).

Syrett and Baldcock consider that there is a democratic deficit in the changes in the governance of London and their observations can be applied to all major cities.

More generally the reforms in local government, the introduction of LSPs and community-based initiatives such as the NDCs (New Deal for Communities D.E.), central government policies have sought to promote active engagement with local citizens and local communities in order to rebuild the relationship between government and the electorate (Burgess et al 2001). Yet there remains scepticism concerning the degree of political accountability provided by these devolved approaches to local governance.... Significant elements of economic development activity are still delivered locally by non elected bodies, with central government still dictating policy agendas and controlling funding streams. With such a highly complex system it remains extremely difficult for members of the public to understand who is responsible for what in the delivery of economic development and regeneration policy, let alone influence policy makers (Syrett and Baldcock 2003:79).

*(2) Diffuse and informal structures of representation with complex mechanisms of accountability and a lack of transparency in policy making – a shift from electoral representative democracy to forms of stakeholder governance;*

In this respect, whilst the New Deal is delivered within local 'units of delivery' it is now an element of Local Strategic Partnerships (LSPs) which are emblematic of the 'new urban policy' in terms of working across the boundaries of the state, private, voluntary sectors and the community (Cochrane 2003) as well as constructing specific mechanisms of accountability (Sullivan 2003). The other example here is the New Deal for Communities (and the National Neighbourhood Renewal Fund NRF) which has been launched to promote partnerships and community self help in the delivery of various employment, social and environmental programmes in deprived areas. The New Deal for Communities (NDC) is an example here. Combined with the Single Regeneration Budget (SRB) these area based initiatives (ABIs) are elements of a spatial targeting of funding and programme measures. Thus whilst the New Deal is 'city wide' with respect to its unit of delivery, many aspects of its programme will have an element of spatial targeting to complement the other ABIs (see for example Atkinson 2003).

Although important changes in policy regimes and governance prevail under New Labour's 'Third Way' approach to welfare, it is also important to emphasise continuity of the neo liberal state strategy implemented during the 1980s and 1990s (Diamond 2001). The responsibility for capacity building is being shifted from the state and into the community, often through increasing the roles played by the voluntary sector in 'neighbourhood management', who are blamed for the failings of economic and social initiatives. Elements of this strategy are evident in the discourses and tactics being used within Labour's New Deal for Community (NDC) programme (see Imrie and Raco 2003 and Jones and Ward 2002).

The NDU operates under tight central control and to specific centrally defined performance targets but it is important to emphasise that the programme is open to adaptation and innovation at the local level. This adaptation and innovation is essentially related to political and social mobilisation as other organisations and interests within cities make claims on budgets or attempt to link the New Deal with the various other social and employment programmes which are currently being implemented at the local level (see Imrie and Raco 2003 and below).

There are other elements to this closer link between the NDU and other policy regimes that arise from pressures to integrate policies (Valler and Betteley 2001). Policy integration is an important element of state restructuring involving three elements. The first is to create some mechanism to 'knit together' the various partnerships and institutions. An example of this is the creation of the Local Strategic Partnerships. The second element involves the reorganisation within the state in an attempt by the government to coordinate different initiatives and programmes. The creation of the

Social Exclusion Unit and the Government Office of the Regions are examples of the Government's attempts of creating some sort of strategic management system. The third element involves localities producing strategies which involve policy integration in the form of 'city wide strategies.' It is this latter tendency which is giving rise to an increasing dominance of entrepreneurialism in the policy discourses and programme delivery (Valler and Betteley 2001:2397).

*(3) A redefinition of the role of local government has occurred combined with centralised forms of autocratic management, clientism and elite coalition formation which privilege certain interests over others, but at the same time reinforces political exclusion.*

This 'redefinition' of local government is an element of depoliticisation is illustrated by its role in the delivery of New Deal programmes. In contrast with Denmark, there is not a prescribed role in the sense of legal competence, but local government have a more ambiguous function through their interventions in local partnerships (for example within the strategic policy arena and as a manager of urban projects) and as a potential contractor in the provision of Environmental Task Force option. Furthermore, as an employer local government has not been active in the New Deal job subsidy programmes mainly because of the way employment subsidies are geared to the private sector (Etherington and Jones 2004).

Taken together these three features of urban change highlighted in Swyngedouw et al's research comprise the axis of restructuring of the local welfare state (see Cochrane 2003). In Taylor's (2000) analysis of local government, it is argued that the Labour Party

has modified rather than replaced the contract culture introduced by the Conservatives. The changes made through initiatives such as Best Value have provided little new resources and central control has generally increased through a lottery-based funding system with applications being made to over 50 separate streams of money, which is heavily policed by a 'new culture of audit, inspection and challenge' (Stoker 2002). This introduces new players to the local state and creates risk and unpredictability. Likewise, in analysing the 1998 'modernisation' White Paper, Snape argues that there is little evidence to suggest that local government is being put back into the driving seat at the local level. "Quangocrats still outnumber councillors and many new quangos have been created over the last three years" (Snape 2000: 125) and the pattern of central-local relations that has emerged since the 1980s is unlikely to change.

These claims are extended in Diamond's (2001) work, which traces the transfer of welfare services to a number of Zone-based area-regeneration partnership initiatives. Here, urban managers are still in a powerful position when dealing with local groups but the scope for locally-driven renewal is somewhat restricted due to the continued imposition of tight performance targets and externally defined strategies (see also Edwards et al 2001; Jones and Gray 2001). For Diamond, Labour's 'Third Way' approach to local state restructuring is a continuation of the neoliberal state strategy implemented during the 1980s and 1990s. The responsibility for capacity building is being shifted from the state and into the community, often through increasing the roles played by the voluntary sector in 'neighbourhood management', who are blamed for the failings of economic and social initiatives. Elements of this strategy are evident in the discourses and tactics being used within Labour's 'Neighbourhood renewal' programme (see Jones and Ward 2002).



The evidence points to increasing central control over local policy-making within Britain. Commentators have touched on the marginal roles played by local government in employment policy formulation and its delivery (see Peck 1999, 2001). For instance, in their early survey of the New Deal Units of Delivery, Herd et al (1998) note that local government was in the driving seat in only 16% of New Deal Partnerships and whilst numerical representation is not an accurate picture of quality, this figure contrasts sharply with the claims of central government preaching a discourse of democracy, citizenship and political engagement.

### **Workfare as Systematic Exclusion? Conflicts around the Politics of 'Inclusion'**

It is important to highlight four *inter linked* areas of exclusion in relation to the implementation of workfare which are points of conflict, contradictions and resistance to workfare (the discussion on resistance is contained in the proceeding section). First are the policy regimes around social reproduction. Second is the way workfare is embedded in a social construction of space and the urban. Third, and closely related to the previous point is the way local workfare is having the opposite effect in terms of encouraging labour market withdrawal. Fourth is the nature of governance and changing forms of political representation in relation to accountabilities and political participation

#### **1. *The New Deal and the Crisis in Social Reproduction***

Jamie Peck argues that the main paradox of employability is that it is more effective for the unemployed 'closer' to the job market but its practical effect is to minimise and

residualise welfare provision (Peck 2001:347). Often, the critique of New Labour's strategy highlights the limitations of paid work as a route out of poverty (see below). However, the under investment in policies of social reproduction (health, housing, transport, basic education, child care) throws into sharp focus the way inadequate social provision and protection actually undermines the New Deal programme. This is one contradiction of New Labour's strategy – in that it serves to reproduce social divisions inherent in capitalist society. One way of illustrating this is to highlight the way the position of women is affected.

National research carried out by the Institute of Fiscal Studies suggests that the 'childcare gap' is a significant constraint on the ability of mothers to return to the labour market. About a quarter of non working mothers would like to work but are prevented from doing so by having to look after children. One in 10 mothers working part time say they would increase their hours if affordable and accessible childcare was available (Guardian, 26<sup>th</sup> March 2002 "The Mother load." Guardian, 19<sup>th</sup> December 2002 "Childcare Policy fails to help the poor.")

The New Deal for Lone Parents has had some impact on getting lone parents into work, but generally lack of work experience and relevant qualifications make employers reluctant to employ lone parents. Many women do not have access to private transport and therefore are dependent upon public transport for their journey to work. Lack of affordable and accessible public transport can have effects on work opportunities and creates barriers for women taking up available work. Women are also often caught in the 'Benefit Trap.' It is difficult to get women to come off Family Credit to get paid work because Family Credit then only becomes just worth accessing. Family Credit needs to

work for low paid workers. Recently produced national data by the Day Care Trust suggests that only 2.3% of all families with children under 16 years old are accessing tax credit to pay for child care. Furthermore, women's access to paid employment affects their access to pensions. Not surprisingly, women pensioners are more likely to be poorer than men are (Oxfam 2001).

Whilst highlighting the way welfare to work accentuates the reproduction of social divisions along lines of gender, it is also important to consider the overall class dynamics of this crisis. The first relates to the high numbers of men who are claiming sickness benefit and excluded from unemployment calculations and the necessary support to get back into the labour market (Beatty et al 2002). Research undertaken by Dean and MacNeill (2002) underlines the problems of social reproduction in relation to accessing the labour market for all 'social groups'. Their findings suggest that it is the failure of mainstream social and welfare services to deal effectively with the problems associated with poverty (homelessness, poor health, drug and alcohol addiction, and learning difficulties) that reinforces the barriers for returning to the labour market. Disengagement from the labour market is seen as the fault of the individual, rather than the result of inadequate social support.

## *2. The Social Construction and Exclusion of Space through the New Deal and Labour Regulation*

Despite the New Labour Government's rhetoric, there are severe challenges to its labour market policies because of the persistent existence of spatial inequalities as a consequence of the 'jobs gap' and restructuring of employment in the major industrial

cities. The rate of employment loss in Britain's cities showed remarkable consistency from the 1960s, through to the 1990s and into the 21<sup>st</sup> century (Turok and Edge 1999). As highlighted above the true level of unemployed far exceeds the official figures based on claimants receiving benefit. A significant number of men of working age and over 50 are categorised as economically inactive (over 4 million). Added to this are those women who are carers but are available to work and do not register as unemployed (Beatty et al 2002).

There is a powerful discursive element to new welfare spaces as referred to above. There are a number of 'discourses' imbued in policy regimes and strategies which may in a Foucauldian sense reflect micro powers and politics. On the other hand there is a unity of linkage and purpose behind them. Workfare is predicated on the notion of 'employability' which suggests that the problems of labour market adjustment lie with the capabilities (or lack) of the unemployed. Involving and 'empowering' the community and area based initiatives (ABIs) at what ever scale can be considered as two sides of the same coin. Both are predicated on the notion that social groups and areas require some sort of assistance in order to help themselves and make them more 'competitive'. This discourse has parallels with employability agendas in the sense that problems are located in the inadequacies of the 'communities' and 'areas' rather than being related to wider structural processes. It is important to emphasise here the continuities of this 'ideological offensive' against the poor with the UK urban policies constructed in the late 1960s and which informed the establishment of the Urban Programme and brief for the Community Development Projects of the 1970s. Some of the arguments are not new but dressed up in a new language (Fairclough 2000). Perhaps the 'new' element is the

communitarian notions of community and self help as “models of incorporation” as well as modes of urban management (Cochrane 2003:230).

However, the key problem is that whilst areas are served notice by the government that they need to mobilize their entrepreneurial capacities, the constant processes of globalized uneven development are constantly undermining ABIs. The argument here is that the way spaces and cities are being represented is important in relation to the local configuration of workfare regimes. Competitive urban strategies are shaping the terrain in which policies are becoming ‘joined up’ in the sense that welfare and industrial policies are being framed in an integrated way. So in many cities ‘activation’ is being reshaped towards both finding ways of effectively managing labour reserves within marginal spaces yet is also closely linked to entrepreneurial politics situated around growth agendas.

### *3. Low labour demand and labour market withdrawal*

Perhaps one of the main contradictions of the New Deal and workfare is that the sanctions regime may have the effect of forcing people to withdraw from the labour market. Recent research reveals that the experience of the unemployed is one of disaffection with the New Deal, particularly in areas where local labour markets are characterised by poor employment (Employment Sub Committee 2001 and Sunley et al 2001). This is caused by a perception of the labour market as being low paid and insecure and people finding it a financial burden to come off benefits and move into work. A process of ‘workfare recycling’ tends to occur, particularly in depressed labour markets as people who move into work (often not of their choosing) will only retain

employment for a limited period. This may be due to a lack of commitment to the job offered but also due to the nature of employment which may be short term, insecure and low paid. There is a question mark over the extent to which the New Deal actually places people into sustainable employment and the evidence points to the way the New Deal is actually leading to a further depression of wages in local labour markets (Grover 2003).

#### *4. Changing Forms of Management, Political Representation and Depoliticisation*

The management of the New Deal programme, although now undertaken by the Department of Work and Pensions (DWP) through its main agency Job Centre Plus, is undergoing major management and organisational changes (Interview with Senior Official PCS Union October 2003). These involve three elements. First, privatisation with many New Deal programmes being managed by the private sector. Second, increasing casualisation of the workforce employed by Job Centre Plus – particularly in London. People are employed on fixed term contracts leading to wholesale rationalisations and redundancies.

In the last 12 months, Jobcentre Plus has reduced its workforce by over 1200 in London...Between now and 2006, it is estimated that a further 2000 Job Centre Plus posts will go (Hulme 2003:26).

Third, the rationalisation of Job Centre Plus offices involves a net reduction in the number of offices serving local communities. Combined, the effect of these changes is that certain offices are not meeting performance targets. Interestingly some poor performing districts in relation to getting people into jobs are those where labour markets

are buoyant. Union officials suggest that an unstable staffing regime exists which is actually undermining the government's welfare to work objectives (see below).

Tripartite corporatism has always been weak in the UK so the construction of welfare to work and the New Deal for the Unemployed has excluded any formal machinery of consultation and information sharing with the TUC and individual trade unions (Etherington and Jones 2003). Within the urban context, this is replicated although not in all cases when trade unions have become engaged with local partnerships in some localities.

### **Political Agency and Contesting Welfare to Work**

Compared with Denmark, the struggles and contestations around welfare to work in the UK involve a far more complex and fragmented range of collectivities in shifting the balance of social forces in favour of ruling class interests of which neo liberalism has played a crucial role. As Gough observes.

In Britain in particular, neo-liberalism has taken a particularly virulent form. This is partly because Britain in the 1970s had a particularly low average rate of profit on domestic investments (Armstrong et al., 1991). Partly it is because of Britain's long standing liberal traditions means that neo-liberalism runs with the grain. It is also because the transition from boom to stagnation, from the mid 1960s to the mid 1970s, was marked by militant popular struggles particularly of the trade union movement but also around public services, gender, 'race' and urban issues. British neo-liberalism has been directed to deflating these forms of conflict; the particular depth of neo-liberal offensive in Britain has been motivated in large part by the fear of its reoccurrence (Gough 2003a:28).

Neo liberalism may be particularly virulent and hegemonic in the UK, but it is however being constantly challenged and reconfigured by labour and social movements. This

section will explore some of the specific elements of struggle and resistance to welfare and the New Deal. The main 'actors' include the unemployed, unemployed movement, trade unions and voluntary/non government organisations.

### *The Unemployed and Personal Agency*

Mizen (1998) argues that it is important to recognise that the unemployed themselves will actively resist the implementation of workfare. There has not been any systematic qualitative study at the national level to analyse the extent of non compliance but there are various studies (and concrete struggles) which seem to support Mizen's argument. First, the unemployed are a diverse group and age may play a factor in the way people react to a specific policy regime. Studies of the New Deal for Young People (NDYP) suggest that many of the services and support provided by the Employment Services received a positive response by NDYP in the initial stages. There are, however, unstable elements to the regime due to the fact that personal, health and other circumstances may effect programme participation and that some people find difficulties in adapting to certain options and may express dissatisfaction as a consequence. The result is the need for Personal Advisors to respond with appropriate support (Ritchie 2000:305). One strategy of resistance is to opt out of the programme, a result of disaffection (Fergusson 2002:184), and the threat of benefit sanctions combined with other circumstances will encourage this strategy. Opt out can be interpreted as some form of contestation because it undermines the policy objectives of universality within the philosophy and principles of the programme – i.e. it is open to and services all NDYP clients unemployed and seeking work. This opt out strategy is clearly worrying the government because of the responses through the creation of Action Teams as a mechanism to



create an out reach service to 'find' those who are not participating in the New Deal programmes (interview with Senior Officer Job Centre Plus, Sheffield, 2003).

Wright's study (Wright 2001) presents a clearer picture about the relationship between Personal Advisors and unemployed 'clients.' In her study of a British Job Centre and through interviews of both staff and clients she found that the unemployed were classified by staff according to their own value judgement leading to categorisations of 'good' and 'bad' clients. The bad clients seemed to be those who did not conform to procedures or guidance.

To say that policy is accomplished, and even co-produced in some instances, is not to imply that staff and clients are engaged in an harmonious joint venture, indeed conflict was frequently a feature of interactions between staff and clients. There were instances of trouble when clients were not compliant with the rules of the bureaucracy (...). This is an example of the way social policy is contested (Wright 2001:17).

What is interesting about this study is the way the personal struggles of the unemployed will "co-produce" policy and that in many instances the services and procedures need to be constantly modified and reviewed in order to respond to those unwilling to go quietly into the labour market. It is true that people can be disaffected and conform and comply but the evidence from specific case studies is that the unemployed express particular grievances and it can be assumed that these manifest in strategies of refusal and negotiation. Another extensive study undertaken by the University of Northumbria when using focus groups of the unemployed revealed widespread inadequacies of the Job Centre Plus system. What is interesting about this research is the level of dissatisfaction about social and welfare services (e.g. transport, benefits, childcare) which are seen as essential to facilitate access to the labour market (Dobbs et al 2003).

A quantitative indication of resistance is the extent of benefit sanctions as punishments for refusal. According to Labour Research 3125 benefit sanctions were imposed in the January to March quarter 2002 (Labour Research 2002:12). Another indication is also benefit tribunals as people appeal against decisions about welfare benefits.

### *The Role of the Unemployed Workers Centres*

The Centres were formed with Trade Union and local government financial support during the 1980s during a period of high unemployment. They were sponsored and promoted by the TUC and provided an important link between the trade unions and the unemployed. The role and activities of the centres varied depending upon local politics and relative strengths and weaknesses of the labour movement. Whilst they were focal points of welfare rights and developing self help amongst the unemployed, at the same time they did not have an activist and mobilisation orientation like the movement formed in France. In fact this was never the intention of the TUC although they became conduits of organisation of the national 'Right to Work' campaigns of the 1980s (see Bagguley 1994:87). When New Labour came to power their role dissipated in relation to any campaigning around benefits and employment primarily because of the TUC support for the New Deal, and the declining numbers of unemployed. However, this 'decline' has involved some form of reconfiguration of the movement with political activism restricted to a few centres.

The movement is still organised on a national basis and has focused primarily on the level of benefits and the operation of sanctions under the New Deal (Interview with member of National Executive of National Combine of Unemployed Workers Centres

July 2003). A campaign was formed in 2001 around a Bill of Rights for the unemployed and claimants and for Department of Work and Pensions Staff which is supported by the National Unemployed Centres Combine and Public and Commercial Services Union (PCS) (National Unemployed Centres Combine 2002). In some respects this is historic in that links have been formed between the trade union whose members are involved with the delivery of the New Deal and a national organisation representing the unemployed. One outcome of this link has been for the National Combine to support PCS workers involved in a dispute in 2002 around safety screens in Job Centre Offices. The dispute brought to the surface some of the problems faced by staff when faced with aggressive and violent unemployed people. The Coordinator of the Derbyshire Unemployed Workers Centre summarised the origins of injustice felt by the unemployed:

A single unemployed person receives £52.20 a week. When the Marconi boss gets millions for bringing the firm to its knees while throwing tens of thousands of workers out of work, I am surprised benefits agency staff are not working from a bunker, never mind from behind a screen. In Chesterfield the Staveley Job Centre was recently firebombed by a disgruntled claimant. Until we have a just benefits system, which treats people with dignity and respect, then screens must stay up (Derbyshire Unemployed Workers Centre 2002:4).

The campaign conducted by the Combine is relatively low profile but has succeeded in stimulating some debate in sections of the trade unions and the Labour Party about the negative aspects of the New Deal. The development of the Bill of Rights may galvanise a more co-ordinated approach between the Unions and the Combine but the initiative is recent and it is too early to assess how it will unfold.

### *The Role of the Trade Unions*

The legacy of trade union involvement with labour market policy and workfare as described above has been at the best ambivalent (see Gray 1988:127). According to a National TUC Official the New Deal was a result of previous trade union pressure on the Labour Party to tackle unemployment and poor quality training (National TUC Official interviewed September 2002). The same official accepted that the form and shape of the programme was not the one that was originally proposed by the unions. Indeed the element of compulsion has generally been opposed by the TUC. However, as Anne Gray states, the TUC diluted its original oppositional policies to workfare formulated during the early 1990s and in response to the introduction of the Job Seekers Allowance.

Recalling the TUC's stand against the New Job Training Scheme in 1987, it seems that the New Deal breaches at least three of the five principles of the Charter against Workfare then supported by Michael Meacher and Clare Short. The work elements will not pay the rate for the job, there are no plans for trade union control or vetting of schemes, and the schemes will barely be voluntary (in the sense that there will be a choice of four 'plats du jour,' but no chance of leaving the restaurant) (Gray 1996:23).

Because many sectors of the economy are not covered by collective bargaining agreements and trade union representation it is unsurprising that the introduction of the NDU did not have a great deal of trade union engagement.

However, the unions are involved in a critical dialogue with the government over the evolution of the New Deal. For example, the TUC has recently described the New Deal for Young People as the "toughest benefit sanction regime ever seen in the UK" (TUC

2002a: 1) The TUC nationally, and where it has representation locally, has been critical of the poor record of recruiting minority ethnic people into the programme (TUC 2002b).

It is true to say that the TUC has justified its stance around the New Deal as one that sees other areas as priorities for attention, such as the loss of jobs in the manufacturing sector and the general performance of the economy (Interview with Chair of TUC Regional Council August 2002). Also, trade unions and Labour Members of Parliament have made representations to the Employment Select Committee about the inadequacies of the New Deal in areas of low labour demand. One report by the Select Committee "*Employability and Jobs: Is there a Jobs Gap?*" argues as follows:

In recent months there has been a tendency for Government Ministers to take the view that there are plenty of jobs in all parts of the country. We have received a good deal of evidence which refutes that view. Our findings point to the continuing existence of slack labour markets in certain parts of the country. A failure by the Government to recognise this will result in a less sophisticated response to a problem which should concern us all (House of Commons Employment Select Committee 2000).

Interestingly, the TUC although marginalised in relation to the channels of consultation and communication around policy formation, have lobbied behind the scenes in relation to the various submissions to the Select Committees around benefits and employment.

The Bill of Rights mentioned above indicates some form of opposition to the New Deal within the PCS union. This opposition has taken on two forms – one around the policy regime but also against the restructuring of employment relations within the Department of Work and Pensions. This campaign has been stimulated by a renewal of leadership in the union with the left wing having a dominant position within the National Executive

Committee and is a response to privatisation and outsourcing strategies and a more intensified performance system (National Unemployed Centres Combine 2002).

Whilst the trade unions are not giving priority to the New Deal in relation to challenging the policy, some unions such as the PCS have an important influence on its implementation through negotiation around employment relations. There is in addition a sea change within the leadership of some of the unions in relation to opposition to Public Finance Initiative, privatisation and changes in welfare that indirectly will influence the operating environment of welfare to work. Furthermore the PCS union in its response to the Labour Party consultation on the welfare state held in 2002 made a number of criticisms about the operation of the NDU, minimum wage and a lack of a policy to create and retain employment (Public and Commercial Services Union 2002).

#### *Voluntary, Non Government Organisations and Social Movements*

The voluntary sector plays a key role in the welfare to work programme as agents in relation to labour market policies and in particular through the Intermediate Labour Market Programmes (ILM). Their role in the management of area based initiatives (ABIs) and in particular through the New Deal for Communities (NDC) has been a central plank of New Labour's welfare policy. The NDC was established to revitalise poor neighbourhoods involving the integration of housing, social, employment and environmental programmes. The voluntary and community sector plays a collaborative and co-operative role in shaping ABIs and managing employment and social projects despite the fact that the capacity of 'communities' to undertake this is problematic – there is a lack of resources and the fragmentation and splintering inherent between

community organisations – or a diverse “communities of interest” (Edwards et al 2003:197). Community mobilisation in cities is “exclusionary in their inclusiveness” as the state incorporates certain groups that will co-operate around specific policy agendas. Their role is imbued with paradoxes and contradictions because the community sector responds to the current crises of social reproduction as those services geared to enabling access to the labour market – training, transport, health and child care - are being constantly rationalised and under resourced:

Simultaneously the relentless privatisation of the public services on which poorer communities depend is having a much bigger impact on the lives of many urban residents than any government regeneration schemes (Raco 2003:246).

ABIs are therefore ‘sites’ of resistance by communities who seek to at least attempt to ensure that the rhetoric of ‘community empowerment’ is actualized. These tensions and conflicts lie at the heart of the ‘failure’ to implement the objectives of the NDC (see Atkinson 2003). It is also important to link these processes, including continual systematic exclusion of minority ethnic populations, to the riots and disorder in Britain’s northern cities during the late 1990s and 2000 (see Hasan 2000).

In addition to voluntary and community sector involvement with welfare to work, interest organisations (NGOs) such as the Local Government Association (LGA) and Local Government Information Unit (LGIU) have lobbied for a more proactive role for local government in employment policy. For example the LGA has claimed that if “the government also wants to move to full employment and effectively tackle the deep seated problems of long-term and hidden unemployment ... a *new approach* is needed in which local authorities will have a key part to play” (LGA 2001: 1, emphasis added).

For the LGA, this new approach should exhibit three strategies: more effective co-ordination between the key agencies involved at local and sub-regional levels; co-ordinated implementation of demand-side job creation policies and supply-side skills and training measures; and a range of measures to make better use of the totality of public funds going to deprived areas and to retain this investment in the local economy (Etherington and Jones 2004).

The governance of employment policy through Local Strategic Partnerships has brought more women's organisations into the political arena in one way, but at the same time as Geddes (1997) argues, the construction of the partnerships has given precedence to business and other elite players. The relationship of local government to these partnerships can be ambivalent which in itself has had implications for how women and other oppressed groups can be incorporated or 'included' into policy agenda setting (Etherington 2003b).

Women, particularly through their involvement in the voluntary sector, are key agents of mobilisation, around welfare and work. Struggles are geographically embedded because of the focus on area regeneration programmes and some voluntary organisations are developing innovative social and employment projects and have effective campaigning and networking experiences. However, struggles tend to be fragmented because of the proliferation of many groups (which often lack sufficient funds to develop) compete for limited resources. As Mayo observes, community organisations tend to contest the partnership and power structures assembled to decide, allocate and distribute urban funding. Such struggles embrace diversity in terms of experience, goals and objectives (Mayo 2000).



Research undertaken by the University of Birmingham (Centre for Urban and Regional Studies 1997) has revealed that women are actively engaged in partnerships in terms of shaping both agendas and project funding. For example in Birmingham an urban funding bid under the Single Regeneration Budget (SRB) was put together by a group of women who were experienced community activists and some were paid workers in the voluntary sector connected to a local community centre. The SRB partnership assisted in developing a local forum where some of the concerns, which the partnership could not address, could be tackled by the forum. At the national level there is a broad coalition of organisations (e.g. the National Council of One Parent Families, Fawcett Society, Maternity Alliance) which is placing child care high on the political agenda but also highlighting the issues of the role of welfare in accessing the labour market (see Etherington 2004).

To sum up, whilst there is resistance to the New Deal, its inadequacies or failure put into sharp focus the residual aspect of welfare provision which is necessary to enable people to enter the labour market. In the UK, this is becoming more and more subject to mobilisation and contestation. What is characteristic about the political struggles around employment is how localised they are –primarily because of the central role ABIs play in New Labour’s welfare agenda. Another dimension is the multiplicity of actors within labour market and welfare policy.

## Conclusion

In conclusion, it is possible to highlight four main elements to welfare to work in the UK and the role it plays in constructing the 'spatial politics' of welfare.

First, new governance arrangements at different spatial scales involve a myriad of institutions, agencies actors operating in a competitive environment where contracting and performance targets are more imperative. The shift to the governance of the New Deal is closely connected to privatization and outsourcing of public services by Job Centre Plus. This contracting culture has played an important role in marginalising local government because of the way the NDU is predicated on a competitive bidding basis rather than a proscribed function and responsibility which has dominated the institutional environment in Denmark.

Second, there is another governance dynamic and that is through the LSPs which are intended to be key elements of integrated policy regimes. In many respects this is a product and response to neo liberalism as more actors and institutions tends towards fragmentation. Networks are constructed and forged with mutual and reciprocal relationships and bargaining about funding and policies necessary in order that infrastructure projects can be implemented facilitating a 'smooth' labour market. Specific partnership forms are constructed to knit together different regimes in attempts to improve co-ordination. This process combined with different scalar fixes is impacting on different forms of accountability. Local government for example is becoming one actor among several rather than the conduit of or fulcrum for local strategies. Furthermore the construction of partnerships is exclusionary in terms of the way there is little formal

engagement with the trade unions and other agencies over the formulation of the policy agenda. The process of integration is therefore selective in terms of 'stakeholders' and is mainly directed around the construction of closer links between labour market programmes and industrial/growth politics. Cities and regions are competing more intensely in the global economy for inward investment. Skill strategies and managing a labour supply for incoming firms is becoming increasingly important.

Third, welfare and work are imbued with a number of contradictions and conflicts, which are both articulations of and causes of social struggle. The key contradictions are shaped around the ways in which new forms of institutional spaces reproduce social and spatial inequalities. Rather than being a mechanism towards resolving problems of poverty and social exclusion the NDU serves to reproduce the conditions for its reproduction. The NDU is faced with legitimation problems given its poor performance in areas of depressed labour markets. Institutional fragmentation and multiplicity of spaces in which the state attempts to 'manage' surplus labour only serves to create increasing difficulties for coordination and 'steering.'

Fourth, the New Labour's welfare to work strategy is contested, albeit in a fragmented and often uncoordinated way. For example the NDU is the subject of resistance by the unemployed both individually and collectively. Community groups are 'negotiating' the city around the politics of representation, trade unions are resisting privatization or outsourcing of the management of welfare to work, and struggles are emerging around a politics of reproduction (for example child care and social benefits). The lack of sustainable or real jobs is also the source of resistance particularly by the unemployed who refuse to participate on the compulsory programmes. There is some articulation of

a social politics and a spatial politics of resistance as the source of struggles are extensively place bound through the struggles around representation and directing resources into specific areas where working class communities are organised.