

# The new ‘champion of progressive ideals’?

## *Cameron’s Conservative Party: poverty, family policy and welfare reform*

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It is the Conservative Party that is the champion of progressive ideals in Britain today ... If you care about poverty, if you care about inequality ... forget about the Labour Party ... If you count yourself a progressive, a true progressive, only we can achieve real change. (Cameron, 2008b)

**In this cheeky piece of political cross-dressing, David Cameron gave notice that he intended to move his troops firmly on to Labour political territory.** He underlined the centrality of the issues of poverty and inequality to the new Conservative agenda. In the same piece he wrote that social justice was one of the ‘priorities for the modern Conservative Party’.

In this article we explore this apparent revolution in modern Conservative Party thinking and how Cameron’s Conservatives have identified poverty, in particular, as a major problem to be addressed by ‘true progressives’. We then analyse their diagnosis of the problem and their prescription for change, based on statements and policy documents available at the time of writing (early March 2010).

#### **Recognition of the problem: the rehabilitation of the ‘p’ and ‘i’ words**

Considerable credit for the recognition of poverty as a problem, and one with which the modern Conservative Party must engage, lies with its former leader, Iain Duncan Smith. During a visit to Glasgow’s Easterhouse in 2002, Duncan Smith underwent a Damascene awakening when, he explained, he first understood ‘the sheer desperation of the lives of people on society’s margins’ (Brindle, 2006; see also Derbyshire, 2010).

When he was replaced as leader, Duncan Smith established the Centre for Social Justice (CSJ), with a number of members of the Conservative front bench on its advisory board. Its Executive Director, Philippa Stroud, describes the CSJ as the ‘heartbeat and conscience’ of the Tory party (Gentleman, 2009). The CSJ has hosted the Social Justice Policy Group (SJPG), chaired by Duncan Smith, which was commissioned by David Cameron ‘to make policy recommendations to the Conservative Party on issues of social justice’ (SJPG, 2006a, 2). This resulted in two reports: *Breakdown Britain* (2006a) and *Breakthrough Britain* (2007). In his 2009 party conference speech, Cameron praised Duncan Smith as ‘the man who has dedicated himself to the cause of social justice’ and announced that, if the Conservatives were to win the election, he would be given respon-

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sibility 'for bringing together all our work to help mend the broken society' (Cameron, 2009a) (1).

The clearest statement of the Tories' rethinking on poverty can be found in one of the 'state of the nation' reports summarised in *Breakdown Britain*. It was drawn up by the Economic Failure and Welfare Dependency Working Group chaired by Greg Clark MP. Despite its title, *Economic Dependency* (of which more later), the report explicitly distances Conservative thinking from a number of key tenets of the Thatcher years. Duncan Smith observes in his foreword,

In modern times, poverty has been a difficult issue for the Conservative Party to deal with. However, as this Report makes clear, it is too important an issue to be left to the Labour Party. All forms of poverty – absolute and relative – must be dealt with. (SJPG, 2006b, 3)

The report itself explicitly embraces a relative definition of poverty:

We should now say explicitly: Poverty must be defined in relation to changing social norms. We should reject completely the notion that poverty can be defined in absolute terms alone. Relative poverty matters because it separates the poor from the mainstream of society. (SJPG, 2006b, 6)

And it quotes senior Conservative Oliver Letwin's acceptance, in 2005, that 'Of course, inequality matters. Of course, it should be an aim to narrow the gap between rich and poor' (SJPG, 2006b, 6).

David Cameron himself has referred frequently to poverty and, to a lesser extent, social justice and inequality in his pronouncements. An early example is his Scarman Lecture, in which he called poverty 'an economic waste and a moral disgrace'. Echoing the SJPG, he explained that

we need to think of poverty in relative terms – the fact that some people lack those things which others in society take for granted. So I want this message to go out loud and clear: the Conservative Party recognises, will measure and will act on relative poverty. (Cameron, 2006)

The following year, in a speech entitled 'Making British Poverty History' he declared, 'let us be clear: fighting poverty is one of the most fundamental of aspirations'. However, in a passage which was more redolent of an absolute than relative understanding of poverty, and which ignored the implications for inequality completely, he went on to say: 'we must help the haves to have more, yes we must back the aspirations of our over-taxed, over-burdened middle classes ... but a modern aspiration agenda means helping the have-nots to have something' (Cameron, 2007).

More recently, in his Hugo Young lecture, Cameron allied the Conservative Party with 'the fight against poverty, inequality, social breakdown and injustice'. Citing *The Spirit Level* (Wilkinson and Pickett, 2009), he said that 'we all know, in our hearts, that as long as there is deep poverty living systematically side by side with great riches, we all remain the poorer for it.' He finished with the claim that 'the Conservatives, not Labour, are best placed to fight poverty in our country' (Cameron, 2009b).

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This is all a far cry from the Thatcher years when inequality was lauded in the name of economic progress, social justice was deemed philosophically meaningless and illegitimate and, according to Social Security Secretary, John Moore, we had reached 'the end of the line for poverty'. Moore's thesis, in his infamous 1989 speech, was that absolute poverty was as good as vanquished and that relative poverty was 'in reality simply inequality', espoused as a concept by those on the left in order to condemn capitalism. Interestingly the SJPG and Cameron himself have both explicitly distanced themselves from Moore's thesis: 'John Moore was wrong to declare the end of poverty ... Poverty is relative – and those who pretend otherwise are wrong. This has consequences for Conservative thinking' (Cameron, 2006).

**Reasons to be sceptical**

It is important to acknowledge the significance of the Tories' new-found commitment to tackling poverty and inequality. It is the more remarkable that Cameron has felt the need to compete with Labour on this territory when attitude surveys suggest that public opinion has grown less sympathetic towards government action to combat poverty and inequality. (This possibly reflects New Labour's own ambivalence towards redistribution and often punitive discourse with reference to welfare reform.) Campaigners no longer have to convince the Conservatives that poverty and inequality are problems. However, there are at least three reasons to be sceptical as to whether we can now hope for effective action.

The first concerns the refusal to take responsibility for what happened during the Thatcher years. Having dismissed Moore's stance, the SJPG does not hide the fact that 'relative poverty rates ... grew rapidly during the 1980s' (SJPG, 2006b, 5). However, it manages to avoid paying any attention to the role played by government social, fiscal and economic policies in the increase in poverty and inequality during that period. The most it is prepared to concede is that 'it would be wrong to deny that mistakes were made in response to the challenge' of rising poverty and inequality (SJPG, 2006b, 6).

Worse still, when lambasting Labour, Cameron conveniently ignores what happened in the 1980s. Thus, in his Hugo Young Lecture, he traced the twentieth century trend in poverty up until the late 1960s and then jumped to post-1997 (Cameron, 2009b). At this point, he drew attention to widening inequality and in particular to an increase in the numbers in severe poverty and how this group had got poorer under Labour. In his party conference speech, he asked rhetorically 'Who made the poorest poorer? ... Who made inequality greater? No, not the wicked Tories ... you, Labour: you're the ones that did this to our society' (Cameron, 2009a). The point is reinforced by the recent Conservative document, *Labour's Two Nations*. This sets out evidence, which, it claims 'proves that Britain is *once more* divided into two nations' (Conservative Party, 2010c, 6; emphasis added).

Now we are not apologists for Labour's disappointing record on poverty – notwithstanding its welcome commitment to the eradication of child poverty – or its dismal performance on inequality. But Cameron's taunt is breathtaking in its selective and misleading reading of recent history. Actually, Mr Cameron, it *is* 'the wicked Tories' who 'did this to our society'. To the extent that governments can be held responsible for adverse trends in poverty and inequality – either through policies of commission (such as economic policies, which increase unemployment, and highly regressive changes to the tax-benefit system) or of omission (failure to combat underlying distributional trends) – the

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Conservatives were responsible for the record levels of poverty and inequality in the 'two nations' inherited by New Labour. Even though the subsequent record on inequality shames New Labour, the National Equality Panel explains how 'reforms since 1997 have tended to reduce income inequality, while those in the earlier period tended to increase it' (National Equality Panel, 2010, 399). By focusing on the very poorest – even though the Institute for Fiscal Studies has cast doubt on the robustness of these data – the Conservatives offer a distorted picture of Labour's record. They also draw attention away from how real incomes after housing costs fell for the bottom decile by 13 per cent between 1979 and 1993/4 while they rose by 65 per cent for the top decile.

In reminding readers of the Conservatives' record when last in power, we are not arguing that Cameron's Conservatives are necessarily Thatcherite wolves in progressive clothing. But if they do not take responsibility as a political party for what happened then, it is harder to believe in their commitment to the anti-poverty and inequality cause now. This is why, *contra* Jon Cruddas and Chuka Umunna, we believe that we do have to 'hark back to yesteryear' as well as engage with 'the Tories as they are now' (Cruddas and Umunna, 2009).

Second, the proposed increase in the inheritance tax threshold to £1 million for single people and £2 million for couples would affect only the largest 2 to 3 per cent of estates at a cost of potentially over £2 billion. According to accountants Grant Thornton, 'for all practical purposes, inheritance tax would be abolished' (O'Grady, 2010). Inheritance is a key driver of wealth inequality, which is much wider than income inequality. This 'handout to the really wealthy' (Stephens, 2010), even if postponed, does not therefore sit well with all the fine words about inequality – a point that many commentators, not surprisingly, have made.

Third, there have been various signals that, in office, the Conservatives might 'move the goal posts' with regard to measuring poverty and inequality. According to the *Financial Times* (Timmins, 2010), their manifesto will water down Labour's commitment to eradicating child poverty by abandoning a clear target and by broadening the measure of poverty to include a range of indicators such as under-age pregnancies and school exclusions. This was foreshadowed in the CSJ's *Economic Dependency* report, which was critical of the current 'simplistic poverty threshold' of 60 per cent of median income in part for failing to capture 'the non-financial aspects of poverty' (SJPG, 2006b, 7, 19).

In fact, from the outset the Labour government has also published a range of non-financial indicators and has added material deprivation indicators to one of its child poverty measures. However, it is the income-based measure on which the media and campaigners focus in order to hold the government to account. Moreover, as an internationally recognised measure (deployed in particular across the EU), it enables comparisons with other countries as well as over time. In similar vein, Cameron has qualified his critique of inequality by emphasising that it 'doesn't mean we should be fixated only on a mechanistic objective like reducing the Gini co-efficient, the traditional financial measure of inequality or on closing the gap between the top and the bottom' (Cameron, 2009b).

In other words, the Conservatives are giving notice that measuring income is not a key tool in their strategy for tackling poverty and inequality. This reflects their diagnosis of the nature and causes of the problem and shapes their prescription for dealing with it. It is to these further reasons to be sceptical that we now turn, focusing in particular on poverty since Conservative policy documents say less about inequality as such.

## DIAGNOSIS

A key task for any diagnosis is to distinguish between causes and symptoms. The Conservatives play down the significance of low income because they see it as symptomatic of deeper causes, and they accuse Labour of tackling symptoms not root causes (Conservative Party, 2010c). We, in turn, will argue that the Conservatives ignore underlying socio-economic structural causes of poverty in their focus on behaviour and culture. We believe that 'money matters' (Strelitz and Lister, 2008).

The Conservatives' diagnosis of the problem of poverty is framed by the two tropes of 'broken Britain/society' and 'big government vs. big society'. Like New Labour, Cameron's Conservatives understand the power of language. They deploy it skilfully to represent the problem of poverty and its causes and solutions in ways which place the main responsibility on the individual and on communities rather than on government.

### Broken Britain

'Broken Britain', in particular, has, according to Jill Kirby, Director of the right-leaning Centre for Policy Studies, 'become a core theme of Cameron's broader message' and 'has acquired the potential to become a peg for almost any social policy reform' (Kirby, 2009, 246). Duncan Smith locates the source of this breakdown firmly in 'Britain's most difficult and fractured communities' where 'too many people live in dysfunctional homes, trapped on benefits' (SJPG, 2007, 2). Cameron himself represents the 'broken society' in the kind of verb-less utterances popularised by New Labour: 'Poverty, crime, addiction. Failing schools. Sink estates. Broken homes' (Cameron, 2009a). He has made it his 'central mission to repair our broken society' (Cameron, 2008a, 1). Kirby argues that Cameron's broken society message represents 'an important way of signalling his distance from the Labour government (who reject the suggestion that British society is "broken"), as well as from the free-market emphasis of the Thatcher years' (Kirby, 2009, 246). In other words it performs a similar political function to Blair's 'third way'.

The broken Britain/society discourse carries within it the Conservatives' diagnosis of the key causes of poverty. The SJPG identifies five 'pathways to poverty': family breakdown, educational failure, economic dependence, indebtedness and addictions (SJPG, 2006a, 13). These, together with inflated and alarmist accounts of crime, all figure in subsequent representations of the problem of our 'broken society'; but it is family breakdown and economic dependence that are central to the Conservatives' diagnostic analysis of poverty. It is on these therefore that we focus.

#### *Family breakdown*

When Cameron first referred to the 'broken society' he linked it explicitly to the 'broken' family, and the two remain closely intertwined in his public statements (Kirby, 2009). His analysis derives primarily from the work of the SJPG and the CSJ. The *Breakdown Britain* report identifies a range of problems, including poverty and 'welfare dependency', which it associates with 'family breakdown, whether by dissolution, dysfunction or "dad-lessness"' (SJPG, 2006a, 32). In his foreword to the CSJ's *Green Paper on the Family*, Duncan Smith argues that 'the peculiarly high levels of family breakdown found in Britain are at the heart of the social breakdown which is devastating our most deprived communities and fracturing British society in general' (CSJ, 2010, 4). The CSJ's Executive Director told *The Guardian*

that 'for us, the reversal of social breakdown and poverty comes through promoting family' (Gentleman, 2009).

The three key and inter-connected themes of the family breakdown thesis concern marriage, family break-up and lone parenthood, and poor parenting. They are often underpinned by a critique of the role of the state, to which we will return below. In his Foreword to the CSJ's *Green Paper on the Family* Duncan Smith criticises government for having 'become indifferent to the institution of marriage' and argues that 'you cannot mend Britain's broken society unless you support and value the institution which is at the heart of a stable society' (CSJ, 2010, 5). The Green Paper itself expands the argument with reference to: the 'fundamental importance' of the 'difference in stability between marriage and co-habitation'; the positive mental and physical health effects of marriage for adults; and 'the best outcomes for children' resulting from 'committed, in particular married, couple relationships' (CSJ, 2010, 9).

As a number of commentators have pointed out, it is not possible to conclude from the statistics that marriage itself causes the positive outcomes associated with it and that therefore the stability of a society is a function of the support given to the institution of marriage. In particular, social scientists suggest that the stability associated with marriage can be attributed to the kind of people who choose to get married or to cohabit and to the values that they hold. While it is true that marriage appears to be associated with better mental and physical health, with some evidence of a protective effect – although rather more so for men than women – again, it is not clear to what extent the association is causal. And cumulative evidence points to a decent income and to living in a more equal society as more important determinants of health overall. As a *Financial Times* leader wryly observed, 'the Tory leader would be surprised by how few social questions there are to which the answer is "encourage more people to get married"' (Financial Times, 2009).

The argument that 'the best outcomes for children' result from 'committed, in particular married, couple relationships' shades into the issue of family break-up and lone parenthood. The underlying assumption that changing family forms signal a loss of commitment within family relationships has been challenged by a major ESRC-funded research programme: 'the shape of commitments is changing but there is no loss of commitment', particularly when it comes to the well-being of children (Williams, 2004, 7). Similarly, the assumption that teenage pregnancy is necessarily a problem, resulting in poor outcomes, and that it is a symptom of social breakdown, has been challenged by a number of studies.

The CSJ's *Green Paper on the Family* links the relatively poor outcomes for UK children revealed in international league tables to high levels of lone parenthood and family break-up. It acknowledges that poverty itself can lead to family break-up and that 'it is difficult to isolate causal effect [because] when looking at the relationship between family breakdown and various adverse outcomes for children, factors such as poverty also show strong correlation' (CSJ, 2010, 11).

Nevertheless family structure remains at the heart of the Green Paper's overall analysis. This analysis is not supported by the international league tables on children's well-being, which the Conservatives frequently cite. Two of the social scientists responsible for the UNICEF league table firmly refute the attempt to attribute the poor showing of children in the UK to family break-up (Bradshaw and Richardson, 2009). They point out that international comparisons do not show any clear relationship between 'broken fami-

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lies' and level of child well-being. Instead, there is a clear association with inequality. Moreover, they conclude, child well-being tends to be greater where government spending on families and children, especially on in-kind services, is above average.

An evidence review of the impact of family breakdown on children's well-being found that the long-term effects of family break-up are 'comparatively small' and that 'dimensions of family functioning and some socio-economic factors have a greater influence than family structure on child well-being' (Mooney et al, 2009, 21). A recent study of the well-being of children and young people, by researchers at the University of York, throws further doubt on the Conservatives' central thesis. It concludes:

The current survey confirms previous findings that [children and young people's] well-being is much more strongly associated with the quality of people's relationships – such as levels of family conflict – than with family structure. A simple measure of how families were getting on together was able to explain over 20 per cent of the variation in overall well-being whereas family structure could only explain less than 2 per cent of this variation. (Rees et al, 2010, 80)

The quality of family relationships brings us to the third element of the Conservative thesis on family breakdown: poor parenting. As well as the CSJ's work, Cameron has seized on a recent Demos study to emphasise the over-riding importance of the quality of parenting for children's life chances (Lexmond and Reeves, 2009). In a speech to Demos, he argued that their study shows that good parenting 'is the single most important determinant of our future success or failure'. It 'sets us a new challenge: to alleviate poverty of parenting, in the knowledge that it is the best way to help children escape material poverty' (Cameron, 2010a).

Although Cameron presented a rather distorted and over-simplified account of the Demos findings (which also disputed the impact of family structure on child outcomes), he is, nevertheless, on stronger ground when underlining the importance of parenting. He is also careful to concede 'that it is easier to achieve good parenting when there is material prosperity' and that 'with poverty can come a host of problems that make parenting more difficult' (Cameron, 2010a). But, in his enthusiasm for attributing the causes of poverty to individual behaviour, this insight is effectively put to one side with the observation that 'what matters most to a child's life-chances is not the wealth of their upbringing but the warmth of their parenting'.

We are left with the impression that Cameron does not really appreciate the body of evidence that shows how poverty can undermine parenting capacity, particularly in the case of mothers, whose mental and physical health is often damaged by the strain of managing poverty. 'Warmth of parenting' cannot be disassociated that easily from 'wealth of upbringing' (see Tim Horton and Ollie Haydon-Mulligan in this issue of *Renewal*). Furthermore, while analysis of the Millennium Cohort Study does corroborate a link between quality of parenting and early educational achievement, it is considerably weaker than Cameron implies (Kiernan and Mensah, 2010). Positive parenting appears to mediate the impact of child poverty on early educational achievement by only about a half.

*'Welfare dependency'*

The SJPG's analysis links family breakdown to 'welfare dependency': 'the failure to form a durable bond between a mother and a father often leads to welfare dependency' (SJPG,

2006a, 32). Welfare dependency, and its associated ills, is the other key piece in the 'broken Britain' jigsaw. According to Duncan Smith, 'As the fabric of society crumbles at the margins what has been left behind is an underclass, where life is characterised by dependency, addiction, debt and family breakdown' (SJPG, 2007, 3).

The notion of 'welfare dependency' is never defined but is simply assumed in Conservative policy documents, where it is a recurrent theme. Indeed, it is frequently simply conflated with receipt of benefits among people of working age; but the slippery incision of the term 'culture' then further conflates receipt of benefits with a culture of dependency. One Conservative Party policy document, for instance, states that 'almost five million people were claiming some form of out of work benefit and the bill for this level of welfare dependency totals £346 billion for the last twelve years' (Conservative Party, 2009, 4). It goes on to decry 'the *culture* of welfare dependency that drives inter-generational worklessness' (Conservative Party, 2009, 11; emphasis added). An earlier policy document declares that 'it is our moral obligation to end the culture of long-term welfare dependency in Britain' and 'the time has come to put an end to the culture of deliberate worklessness' (Conservative Party, 2008a, 11). In his foreword, Cameron states that 'mass welfare dependency is a waste of the country's human resources and a huge drain on the taxpayer' as well as 'one of the primary causes of low aspirations and social breakdown' (Conservative Party, 2008a, 1).

The SJPG has broadened the notion of welfare dependency to embrace 'in-work dependency': 'dependency on out-of-work benefits has been replaced by dependency on tax credits' (SJPG, 2006b, 12). It identifies 'a dependency divide' between the richest three-fifths of the population who are 'overwhelmingly self-sufficient' and the poorest fifth, for whom 'welfare accounts for over half of all household income', with the intermediary fifth a zone of transition between these 'two nations' (SJPG, 2006b, 13). This theme was taken up by Cameron in his Scarman Lecture when he claimed that 'getting into work means you are more dependent than ever on the state' (Cameron, 2006).

The 'welfare dependency' thesis (together with Duncan Smith's references to an 'underclass') takes us back to the 1980s and the influence of US new right thinkers. It is difficult for New Labour to criticise the Conservatives on this count because it too speaks the language of welfare dependency (even if no longer that of the 'underclass'). Social scientists, on the other hand, are able to illuminate the ways in which the term is used to frame the problem of poverty as a problem of behaviour and to reconstruct social security as a cause of poverty rather than as part of the policy solution. The damaging discursive power of the language of welfare dependency is underlined in a widely cited American critique:

Few concepts in US social policy discussions do as much ideological work as 'dependency'. The term leaks a profusion of stigmatising connotations ... It alludes implicitly to a normative state of 'independence', which will itself not withstand critical scrutiny. Naming the problems of poor solo mothers and their children 'dependency', moreover, tends to make them appear to be individual rather than social problems, as much moral or psychological as economic. (Fraser and Gordon, 1994, 4)

One overview of the British data concludes that



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not much evidence has been unearthed in support of a welfare class founded on either cultural or psychosocial dependency. It did not feature strongly in the empirical research literature and nor, therefore in the explanations for the growth in claimant numbers. Unemployed and disabled claimants typically retain prior attachments to work, as do many lone parents, and it is other barriers that prevent them from working. (Walker with Howard, 2000, 307)

The authors concede the possibility that 'dependency manifests itself in welfare communities in particular localities', which was not the focus of their analysis. However, more recent research, carried out in just such a community, led to the conclusion that 'conservative theories of a dangerous, welfare-dependent underclass are plainly, simply wrong'. It found that "'hyper-conventional" attitudes to getting jobs predominated, despite the fact that casualised "poor work" was what people usually got' (MacDonald and Marsh, 2005, 198-9). While international analysis does indicate a rather lower level of commitment to work than in twelve other welfare states, it also reveals that 'employment commitment is stronger in countries with higher levels of welfare state generosity'. Moreover, it does not support the thesis that 'employment commitment has declined ... through serious disincentive effects of generous welfare state benefits' (Esser, 2009, 93, 98).

*Is Britain broken?*

Overall the Broken Britain/society narrative represents a behavioural and cultural analysis which attributes the underlying causes of poverty to the failings of individuals rather than to socio-economic structural factors. As Duncan Smith observes, 'at the heart' of the policy solutions put forward by his CSJ 'is recognition that the nature of the life you lead and the choices you make have a significant bearing on whether you live in poverty' (CSJ, 2009, 4). Likewise Cameron attributes a range of social problems, including inequality, in part to 'wrong personal choices' (Cameron, 2010a).

While poverty analysts do increasingly acknowledge the importance of recognising the agency of people living in poverty, they also make clear that this agency is exercised within severe structural constraints (Lister, 2004). Not to do so leads to the confusion of causes with effects and symptoms. The Conservatives, even though they cite *The Spirit Level* when it suits them, ignores its central message that many of the social ills they associate with Broken Britain can be attributed to inequality. This helps them avoid the question: if Britain is broken, who broke it?

But is Britain broken? The verdict of a recent investigation of needs is that it is not: 'most people in Britain are living good lives and believe that they live in strong and supportive communities' (Young Foundation, 2009, 246). Even an analysis of the evidence on crime and uncivil behaviour in *The Economist* concludes that 'the evidence supporting the existence of a "broken society" is thin indeed' and that the thesis represents 'a dangerous misdiagnosis' (6.02.2010, 33, 11).

To dispute the Broken Britain tag is not to be complacent; for instance, we acknowledge the damaging social impact of growing individualism and consumerism (of which more below). And, as the Young Foundation continues, 'Britain is a brittle society, with many fractures and many people left behind'. Whereas the discourse of Broken Britain frames the diagnosis of poverty as a problem of behaviour and culture, the responsibility for which lies with individuals, that of a Britain fractured by inequality focuses attention on underlying structural causes and the responsibility of government (2).

## Big government

Government is, however, presented by Cameron as a cause of the problem rather than as the source of the solution. In his speech on 'Making British Poverty History', having declared that this requires making 'welfare dependency history first', he concluded that: 'It is increasingly clear that top-down state poverty schemes are no longer the solution to poverty but are in many cases the cause of it' (Cameron, 2007). In his party conference speech he answered the rhetorical question 'Why is our society broken?' with the answer 'Because government got too big, did too much and undermined responsibility' (Cameron, 2009a). Following the negative reaction to the strong anti-state stance of that speech, he developed a rather more nuanced critique in his Hugo Young lecture, in which he acknowledged that simple 'retrenchment' is not the answer. Nevertheless, he asserted that 'the size, scope and role of government in Britain has reached a point where it is now inhibiting, not advancing the progressive aims of reducing poverty, fighting inequality, and increasing general well-being' (Cameron, 2009b).

There are three main strands to his case. The first is a pragmatic (albeit ideologically rooted) argument that the state has proved increasingly ineffective at reducing poverty and inequality since 1997. He accuses Labour of relying 'too heavily on redistributing money, and on the large, clunking mechanisms of the state' (Cameron, 2006) or 'top-down mechanical state interventions' (Cameron, 2007). According to Cameron, state anti-poverty programmes, including redistribution, 'have now run their course. The returns from big state intervention are not just diminishing, they are disappearing' (Cameron, 2008b).

Cameron uses the widening of the gap between the richest and poorest under Labour to substantiate his argument (Cameron, 2009b). What he ignores is that the reason the returns from state intervention appear to have diminished during the second half of Labour's period in office is that the level of additional state intervention was reduced after 2004/5. Nevertheless, it is estimated that:

overall poverty in 2008-09 would have been up to six percentage points higher and child poverty up to 13 percentage points higher under a continuation of the previous government's tax-benefit policies. Adding in the value of health and education spending strengthens the redistributive impact of fiscal policies and substantially improves the relative position of the poorest. (Sefton et al, 2009, 44)

Cross-national analysis also points to the key role played by state intervention in reducing poverty and inequality: 'when states spend more financial resources on citizen welfare, poverty is reduced' (Moller et al, 2003, 45).

At the heart of Cameron's antipathy towards the state is his belief that 'big government has all too often helped cause [problems such as poverty] by undermining the personal and social responsibility that should be the lifeblood of a strong society'. It is this 'steady erosion of responsibility' that is 'the worst thing about their big government' (Cameron, 2009a). As a consequence, 'the recent growth of the state has promoted not social solidarity, but selfishness and individualism' (Cameron, 2009b).

The paradox at the heart of big government is that by taking power and responsibility away from the individual, it has only served to individuate them. What is seen in prin-

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ciple as an act of social solidarity, has in practice led to the greatest atomisation of our society. (2009b)

Responsibility is the core value promoted by Cameron. He makes no mention of the extent to which responsibility has also been a defining principle of New Labour social policy. Nor does he provide evidence in support of his contention that 'big government' has eroded responsibility. As Lisa Harker, co-director of the Institute for Public Policy Research, points out: 'You need only look across the Atlantic at the most individualistic country in the world to realise that social solidarity does not spring from small government'. Instead, she argues,

our selfishness has been encouraged by consumerism and our pursuit of who-wants-to-be-a-millionaire lifestyles ... Above all it is both encouraged by and reflected in the greater value we give to other things: making money and achieving status through acquisition rather than what we give to others. (Harker, 2009)

It was neo-liberalism and the triumph of the market over the state under Thatcher which gave birth to this 'turbo-consumerism' (Lawson, 2009) and the encouragement of individualistic greed at the expense of public service and mutual responsibility. Back in 1994, John Gray, a Thatcherite apostate, argued in a Social Market Foundation pamphlet that 'the fragmentation of family life which contemporary conservatives bemoan is, in very large part, a product of the culture of choice, and the economy of unfettered mobility, which they themselves celebrate' (Gray, 1994, 39). And he linked 'an epidemic of crime' to 'the desolation of communities by unchannelled market forces' (Gray, 1994, 9). From the excesses of the City to fractured communities deprived of their livelihoods, Cameron should be pointing the finger at the market rather than the state in attributing blame for any atomisation.

Linked to the thesis that the state has undermined responsibility is the third strand in the argument against big government: that it has undermined civil society and the voluntary sector. According to the SJPG, 'the war on poverty will only be won by liberating the third sector from the incessant pressure to do the government's work in the government's way' (SJPG, 2007, 57). Cameron maintains that it is the third sector that is best placed

to help people through the complex and interconnected problems of poverty ... Labour have tied them up with bureaucratic constraints and complex funding processes. And rather than encouraging them to take on new challenges, Labour have actively squeezed them out. (Cameron, 2007)

Yet, according to analysts of the voluntary sector, 'under New Labour, voluntary welfare gained a new significance' (Kendall, 2008, 217) and 'Labour has eschewed the rank instrumentalism that marked the contract culture of the late 1980s and the early 1990s' (Lewis, 2005, 138). There may be legitimate criticism of the specifics of policy towards the voluntary sector and the constraints still imposed by the contract culture (to the particular detriment of small organisations). Nevertheless, it is difficult to argue that the sector generally has been 'squeezed out', even though, like other sectors, it is now suffering in the face of recession.

More generally, cross-national experience does not support the thesis that strong states tend to be associated with weak civil societies. According to Philip Collins and

Richard Reeves, 'even within the US, liberal Minnesota has higher spending, and more civic engagement, than conservative Mississippi' (Collins and Reeves, 2010, 21). And a recent *Society Guardian* article illustrates how Sweden combines 'a strong public sector and a vibrant civil society' (Fouché, 2010, 1).

Overall, even if the state does at times play an oppressive role in attempting to regulate the behaviour of people living in poverty, particularly when enforcing responsibility, Cameron's thesis that 'big government' is causing poverty does not stand up to scrutiny.

## **PRESCRIPTION**

Cameron's 'progressive vision' centres on 'a country that is fairer and where opportunity is more equal' (Cameron, 2009b). While he concedes that such a vision is shared by those of other political persuasions, it has nevertheless fallen to the Conservatives 'to champion a vision of the good society. Our aim is nothing short of being as radical in social reform as Margaret Thatcher was in economic reform' (Cameron, 2008a, 1). The creation of the 'big society' will require 'a culture of social responsibility throughout our country' (Cameron, 2008a, 16). Unlike New Labour's mantra of 'rights and responsibilities', any explicit reference to rights to balance the emphasis on responsibility is conspicuous for its absence in Conservative pronouncements.

Instead of big government, Cameron looks to 'big society' (Cameron, 2009b) and in particular 'the modern mechanisms of civil society' to tackle 'the causes of poverty and not just the symptoms'. The state's role will be 'to act as an instrument for helping to create a strong society' (2008b). Few would deny the important role that the institutions of civil society can play as part of any anti-poverty strategy. Indeed, the voluntary sector already plays an important role as partners in Labour's child poverty strategy. But, as many of those working in the voluntary sector would argue, the sector provides a complement rather than an alternative to the state. It is difficult to see how civil society could have achieved the kind of reduction in child poverty achieved by the Labour government or could be more successful than the state in reducing inequality.

Detailed policy development is very much work in progress. Some of the policies that have been agreed, particularly those designed to promote marriage, are presented as being 'about the message more than the money' (Cameron, 2010a). Cameron talks frequently about the need to change 'the signals' that policy sends out (for instance Cameron, 2010b), attracting the label of 'semaphore politician' (Rentoul, 2010). And George Osborne has teamed up with the exponent of 'nudge', Richard Thaler, to signal a commitment to deploy the insights of behavioural economics in government (Osborne and Thaler, 2010). Specific policy proposals also have to be placed in the context of the commitment to huge cuts in public spending (even if the timing of such cuts is unclear), which will undermine any anti-poverty strategy through their impact on public services and jobs.

## **Promoting marriage and the family**

The web-published draft manifesto chapter on 'Mending our broken society', in a section on 'making Britain more family-friendly', covers reform of the tax and benefit system, early intervention, and balancing lives (as well as other sections on education, crime and 'the big

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society', which we do not discuss here). It argues that strengthening families will enable children to flourish and 'will also increase social mobility, and play an important part in helping us to work towards our aspiration of ending child poverty by 2020'.

It also condemns Labour for its 'narrow child-centred approach', which 'ignores the importance of strengthening the relationships between all family members' (Conservative Party, 2010a, 12). In fact, Labour has itself emphasised the need to 'Think Family' in its social exclusion strategy. From a slightly different perspective we and others have argued against divorcing child poverty from that experienced by parents, particularly mothers (Women's Budget Group, 2005).

The central proposals designed to combat the ills of family breakdown are to recognise marriage in the (income) tax system and to abolish the 'couple penalty' in Working Tax Credit. These policies draw on the ideas of the Centre for Social Justice, which in turn seem to rely heavily on the analysis of Christian Action, Research and Education (CARE) (Beighton and Draper, 2007; Draper and Beighton, 2008).

### *Recognising marriage in the (income) tax system*

In their draft manifesto, the Conservatives promise to 'recognise marriage and civil partnerships in the tax system in the next Parliament' (Conservative Party, 2010, 14). As civil partnerships are rarely mentioned in many analyses on which this proposal draws, the Conservatives should be commended for including them. Apart from that, this is not a new policy for the Tories; the 2001 (though not the 2005) manifesto contained one variant (Kirby, 2009), and another was recommended by Lord Forsyth's Tax Reform Commission for the party in 2006. This is a recurring theme, therefore – despite the former chancellor Kenneth Clarke branding a tax allowance for married couples 'an anomaly', and the fact that a Conservative government was the first to start reducing the value of the married couple's allowance in the 1990s (Kirby, 2009).

The mechanism by which marriage would be recognised will not be clarified until the actual manifesto is published. As Leonard Beighton and Don Draper point out, this could be done through a married couple's allowance for all married couples, or a transferable personal (tax) allowance largely for those with one earner (Beighton and Draper, 2007, 15). Recent debates have not always distinguished between these. This should not be surprising, since the rhetorical focus on the family suggests that any privileging of marriage might be limited to those with children (at least initially, if resources are tight); and analysis of the problem frequently conflates the tax treatment of married couples in general with that of one-earner (married) couples with children, under the banner of 'spousal obligations' or 'a taxpayer's family responsibilities' (e.g. Draper and Beighton, 2008, 7).

This position draws on the traditional model of a one-earner (usually male breadwinner) family, rather than on marriage as such, to argue that it is unfair for a single-earner couple to have only one tax allowance. But as Robert Chote and others argue: 'this can be viewed as unfair, but only if the income tax system is viewed from the point of view of the couple: if it is believed that income tax should reflect only the individual's circumstances, then there is no unfairness in the current arrangement' (Chote et al, 2007).

The Centre for Social Justice has suggested a Transferable Tax Allowance (TTA) in order to give a signal about the importance of marriage and the 'practical benefit of supporting and recognising those spouses playing vital, unpaid caring roles' (Centre for

Social Justice, 2009, 8). Some versions of the TTA, or the first (cheaper) phases of its introduction, involve only couples with children, or young children. But Duncan Smith has also said that a TTA for all married couples would make it easier for one partner to 'do voluntary work in the community, look after elderly or disabled members or manage a home in a way that enables partners and families to have more undivided time together' (McSmith, 2009). For all married couples, the CSJ cites a cost of £3.2bn; for those with dependent children or getting carer's allowance only, the cost would be £1.5bn; and for those with children under 6 or under 3, £0.9bn or £0.6bn respectively. A TTA equal to the existing single person's allowance for married couples and civil partners with children under 5 is costed at £0.8bn, and with children under 16 at £1.6bn (Brewer, Browne and Joyce, 2010).

Criticisms of the proposals have involved several themes. First is the (lack of) affordability of such a tax break at a time of tight resources. (David Davis MP, for example, urged the party to 'balance the books' first, as jobless couples will not benefit (Davis, 2010).) This concern lay behind Cameron's recent 'flip-flopping' on the issue, and has resulted in the suggestions for phasing in any changes. As Philip Stephens argues, reducing the debt burden may be popular, but 'cutting public services to finance lower taxes would be a lot less palatable for voters', especially if the main beneficiaries were well off (Stephens, 2010). He describes the proposals on marriage and inheritance tax as 'at best perplexing'. *The Economist* (6.02.2010) goes further, calling a tax break for married couples 'an extraordinary proposal' in the current situation. This is another reason for paring down the proposal to focus on couples with children.

Secondly, it is unclear whether individual partnering (and childbearing) would respond to tax incentives of this size and nature (Brewer, Browne and Joyce, 2010). Proponents' reaction has been twofold: on the one hand, arguing that small amounts of money mean more in the communities where (lack of) marriage really matters (CSJ, 2009); and on the other, emphasising the 'signal' that they send in favour of marriage, rather than their behavioural impact. But there *is* evidence that 'second earners' in couples (usually women) do respond to (dis)incentives, and joint taxation may discourage such earners from re-entering the labour market and/or from earning more; if they have transferred their tax allowance to their spouse, a potential second earner will find their earnings taxed from the first pound (Brewer, Browne and Joyce, 2010). Based on a study of nine European countries, Francesco Figari and others argue that, where it exists, joint taxation does not favour the work incentives of the lower income partner (usually female) (Figari et al, forthcoming). As escape from poverty for couples often involves a second earner, this seems to sit oddly with a concern for child poverty. It also appears to contradict the Conservatives' concern with incentives.

Thirdly, there have been criticisms of the distributional impact of the proposal. These have in part focused on income. Twice the proportion of children in lone-parent families compared to those in couple families live in poverty (House of Commons *Hansard*, 22.02.2010, cols 237-8W). Tax allowances by their nature do not affect those on the lowest incomes, who are not liable for income tax; and Beighton and Draper (2007) admit that typical couples on both housing and council tax benefit would gain only 15 per cent of the value of any TTA, because of benefit withdrawal. In addition, if it is only single earner couples with children who benefit, many will be among the better off – though not on the highest incomes, as those couples tend to have two earners (Brewer, Browne and Joyce, 2010). The Institute for Fiscal Studies estimates that the same amount (£800m)

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spent on a TTA for married couples and civil partners with children under 5 would take under 10,000 children out of poverty, compared with some 100,000 for an increase in Working Tax Credit (or over 130,000 for an increase in Child Tax Credit) (Brewer, Browne and Joyce, 2010) (3).

Various objections in terms of family structure have been raised. Cohabiting heterosexual couples would be excluded by design (though the abolition of the couple penalty in tax credits would benefit them – see below). Yet cohabiting couples are likely to have lower incomes, with a higher proportion of children with unmarried parents living in poverty (Chote et al, 2007, 229). Partners who remarry having left their original spouse will benefit, whereas abandoned partners will not (Toynbee, 2010). David Davis MP has argued that widows' pensions must be altered to make up for the loss of the allowance, and that 'it should be clear that we do not intend to [reinforce marriage] in a way that compounds the misfortune of the widow, the divorcee, the abandoned mother' (Davis, 2010).

These may be thought to be fairly fundamental objections. In addition, as a TTA would be paid to the working partner, rather than direct to the partner at home, there would be no guarantee that the person at home would receive the benefit of it. As we argued in response to a previous Conservative Green Paper on personal taxation (Lister and Bennett, 1986), this seems a peculiarly inappropriate way to provide support to those caring at home for children or disabled people, or doing voluntary work in the community; and it was rejected by the Conservatives in the 1990 reform which introduced independent taxation. As Robert Chote and others point out, such extra support to the wage-earner would increase intra-household inequalities (Chote et al, 2007, 229). Some commentators have also noted that a TTA for married couples would signify a move away from independent taxation towards a jointly assessed system such as tax credits (Brewer, Browne and Joyce, 2010). Leaving aside any other considerations, this would seem a puzzling direction to take at a time when self-provision is increasingly being expected of all individual adults.

#### *Reducing the 'couple penalty'*

The other major proposal to combat family breakdown is to 'end the couple penalty in the tax credit system' (Conservative Party, 2010, 14). This appears to be limited to Working Tax Credit (WTC). As Chote and others point out, couples *without* children getting WTC do have a higher basic credit than single childless people (Chote et al, 2007, 226). But where couples with children are concerned, their WTC is calculated using the same basic credit as for lone parents. This has been the case for families with children ever since the first subsidy for low-income families with a wage-earner, family income supplement, was introduced in 1971 by a Conservative government, and survived the change to family credit (under the Conservatives), then working families tax credit, and (since 2003) WTC. It is only recently that this has begun to be labelled a 'couple penalty' (with the blame placed on Labour). Nevertheless, it is now a common complaint among those who believe that the current tax/benefits system in the UK is skewed against couples – in particular against single-earner couples, as couples with two earners are much less likely to qualify for WTC (4). The concern not to deter couples from 'specialisation of roles' is evident in the section on family law in the CSJ's *Green Paper on the Family* (2010, 35).

This debate, like that on taxation, is often quite confused. The 'couple penalty' does not mean that couples receive less WTC than lone parents; and Gingerbread

points out that there is a range of relativities between the rates for couples and lone parents in different benefits/tax credits (Gingerbread, 2009). Moreover, couples can arguably qualify for the extra element for working thirty hours or more per week more easily. Many references to the 'couple penalty' in recent discussions seem to refer to the fact that if a man and a woman (or two same sex civil partners) with or without children decide to live together on means-tested benefits rather than apart, their resources and needs will be aggregated, and their joint benefit rate will be lower than twice the single person's rate (e.g. CSJ, 2009, 3 and 4). But the aggregation of resources and needs will not be changed unless means testing is abolished (or individualised); and lower benefit rates for couples will continue so long as the economies of scale of living as a couple are taken into account. To change either of these would clearly be very costly and the Conservatives are not proposing to do so. To individualise benefits would also run counter to the direction of change which they propose for the tax and tax credit systems.

The specific change, as recommended by the Centre for Social Justice, is that the basic credit for couples in WTC should have the same relationship to the credit for lone parents as the ratio that currently exists for income support rates (CSJ, 2010). To the Conservatives' credit, it seems that this would be done by increasing the amount for couples, rather than reducing lone parents' WTC. To implement this policy fully is said to cost some £3bn, give 1.8 million couples over £30 per week on average, and lift 300,000 children out of poverty (CSJ, 2010). Unlike the TTA for married couples, it would benefit married and cohabiting couples alike; in this context, it has been argued by supporters of the change that cohabitation is a step on the way to marriage.

The Conservatives' draft manifesto makes clear that this would be financed by their welfare reform plans. So it would not be introduced until funding flows through from the entry of 600,000 incapacity benefit claimants into work as a result of these reforms. However, the Centre for Social Justice has suggested introducing it in stages (CSJ, 2010).

The policy move is intended to reduce or remove possible financial penalties when a lone parent starts to cohabit. The other apparent motivation is that the official low income statistics assume that larger households need more income to achieve a given standard of living – so having identical basic credits for lone parents and couples with children means that couples need to earn more to escape from poverty. Gingerbread notes that the amount for lone parents may be too high in WTC relative to that for couples (Gingerbread, 2010). On the other hand, Bruce Stafford and Simon Roberts note that couples usually have higher incomes (Stafford and Roberts, 2009, 6); and, as Robert Chote and others point out, the official poverty figures take no account of the benefit that couples may derive from 'home production' (by the partner at home) and their lesser need for paid childcare (Chote et al, 2007, 222).

As with the proposal to privilege marriage (or single earner couples) within the income tax system, it is difficult to find strong evidence that partnering behaviour would be affected by such a policy change. A recent review for the government of the impact of financial incentives in welfare systems (including tax credits) on family structure found that 'on balance the reviewed literature shows that there is no consistent and robust evidence to support claims that the welfare system has a significant impact upon family structure'. Instead 'factors other than the welfare system have a key role in influencing demographic behaviour' (Stafford and Roberts, 2009, 5-6).



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The other potential impact imputed to the 'couple penalty' is that it may affect how people report their living arrangements, rather than those living arrangements themselves. In one policy document, the Conservatives cite the Institute for Fiscal Studies' finding that 'there are 200,000 more lone parents claiming tax credits than actually exist' as 'strong evidence that people are responding to these perverse incentives' (Conservative Party, 2008b, 41). However, it was not clear from the IFS study to what extent their finding was due to cohabiting adults deliberately claiming as lone parents (Brewer and Shaw, 2006).

As with the TTA for married couples, there are also concerns about the impact on work incentives. According to the IFS, extra WTC for couples would increase the incentive to have one earner, but reduce the incentive for the second earner to work, and for both partners to earn more (Chote et al, 2007, 238; Brewer, Browne and Joyce, 2010). Lisa Harker, in her report for the government, instead proposed an additional WTC premium for second earners in couples (Harker, 2006).

Whatever is decided about the specific 'couple penalty' in tax credits, it is clear that more generally the 'cohabitation rule' in means-tested benefits imposes joint assessment on adults when they decide to live together, and it would not be surprising if some people resisted this because they wanted to retain their independence. Family structure is less of an issue the more that benefits can be non-means-tested, and so more easily individualised (but this is not on the Conservatives' agenda). Child benefit, being both universal and focused on the child, is not implicated in this problem – one reason to welcome the Conservatives' promise to retain it. In addition, if there is concern about single earner couples with children, measures which would help non-earning partners (usually still women) themselves to enter paid work and/or gain access to other income should be seriously considered.

*Supporting parenting*

Early intervention and parenting support will be funded from a single budget overseen by a new Early Years Support Team within the Department for Children, Schools and Families. The Conservatives are now committed to keeping Sure Start. But they 'will take Sure Start back to its original purpose of early intervention, increase its focus on the neediest families, and better involve organisations with a track record in supporting families' (Conservative Party, 2010a, 14). These organisations will, Cameron explains, be contracted 'to run children's centres and reach out to dysfunctional and disadvantaged local families' (Cameron, 2010a). At the same time the Sure Start outreach budget will be diverted to funding more Sure Start health visitors in order to guarantee support for all parents 'before and after birth until their child starts school' (Conservative Party, 2010a, 14).

The commitment to retain Sure Start is welcome, as is the reorientation towards its original focus on early intervention, as Sure Start has increasingly become an adjunct to employment policies. However, while it might sound progressive 'to increase its focus on the neediest families', there is a danger that the service will then become residualised and stigmatised (who wants to be branded 'dysfunctional'?) and therefore less attractive to the very parents it is aimed at. And the issue of user-involvement, which was so important in empowering parents in the early Sure Start Local Programmes, is ignored. Moreover, there is an apparent contradiction between the aspiration to 'reach out to dysfunctional and disadvantaged' families and the plan to divert the current outreach budget.

The other main way in which parents will be supported is through helping them to balance paid work and care. Little is said about childcare other than support for ‘the provision of free nursery care for pre-school children ... provided by a diverse range of providers’ and a review of how the childcare industry is regulated (Conservative Party, 2010a, 15). In particular, the document does not address the affordability gap identified by organisations such as the Daycare Trust.

The draft manifesto also promises to build on Labour policy by extending ‘the right to request flexible working to every parent with a child under the age of eighteen’ and by introducing ‘a new system of flexible parental leave which lets parents share maternity leave between them, including taking some of the leave simultaneously’ (Conservative Party, 2010, 16). These are positive developments. However, if the aim is to encourage fathers to ‘share the responsibilities of caring for a new baby’ (Cameron, 2010a), there needs to be a firm commitment to adequate payment and a willingness to consider the Nordic model of reserving some of the leave for fathers as their individual entitlement.

### Welfare reform

The Conservative Party has published two key policy documents on welfare reform in the past couple of years: *Work for Welfare: REAL welfare reform to help make British poverty history* in January 2008, and *Get Britain Working* in October 2009, which also deals more generally with unemployment. In addition, in September 2009 the CSJ published a substantial report, *Dynamic Benefits: Towards welfare that works*, drawn up by its Economic Dependency Working Group.

Not surprisingly, given the Conservatives’ diagnosis, the central theme of these documents is reducing welfare dependency. It is assumed that reducing dependency = reducing poverty (even though it is acknowledged that paid work is not an automatic route out of poverty). The same assumption drove US welfare reform (and also, albeit to a lesser extent, New Labour’s welfare reform agenda). Yet the problem of US poverty has not been solved as a result of ‘a sharp decline in the welfare rolls’ because ‘welfare policy purports to address poverty and inequality but refuses to deal with the structural causes’ (Handler and Hasenfeld, 2007, 7, 4).

#### *Welfare to work*

In place of New Labour’s welfare reform mantra of ‘work for those who can; security for those who cannot’, the Conservatives offer ‘Respect for those who cannot work’ (a very small group of disabled people) and ‘Employment for those who can’ (Conservative Party, 2008a, 8). The latter aim will be operationalised through: a single integrated welfare-to-work programme, contracted out to ‘specialist employment support providers’; a rapid assessment of work capability and readiness; and intensified conditionality (Conservative Party, 2008a, 2009).

Intensified conditionality will be the price paid by those classified as unemployed (including many existing recipients of incapacity benefit whose benefit will be cut as a result) for earlier, personalised, support for finding work – ‘straight away for those with serious barriers to work and at six months for those under 25’ (Conservative Party, 2009, 6). Most controversially, it proposes a workfare scheme, which goes beyond Labour’s plans:

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Once the recession has ended, it is our intention that anyone who has been through the new system without finding work and has claimed the Jobseeker's Allowance for longer than two of the previous three years will be required to join a mandatory long-term community work scheme as a condition of continuing to receive benefits support. There will also be sanctions if people turn down reasonable job offers. (Conservative Party, 2009, 12)

Welfare to work provision will be contracted out to private and voluntary sector providers at an earlier stage of a benefit claim than under current policy. Differential payments to providers will reflect the different levels of help likely to be needed by individuals and will only be made on delivery of 'sustained employment for a period well beyond the current 26 weeks' (Conservative Party, 2009, 31).

The plan is presented as 'a completely different approach to Labour's piecemeal and disjointed policies' and as 'a radical departure' (Conservative Party, 2009, 9). In fact, it does nothing to break out of the policy paradigm established by Labour; it simply takes it further and faster in what has become a process of policy leapfrog. This is hardly surprising given that both parties have been advised by David (now Lord) Freud. While the idea of a single, integrated programme has been welcomed, the loss of some specific programmes, tailored to the needs of particular groups, has been criticised and the further moves down the path of conditionality and associated sanctions and of contracting-out have raised widespread concern (5).

Whilst the evidence on the impact of benefit sanctions on behaviour is ambiguous, there is clearer evidence of the hardship they create, including for people facing multiple barriers (Griggs and Bennett, 2009). For all the warm words about tackling poverty, the approach is essentially punitive and betrays classic signs of 'blaming the victim' without addressing underlying structural causes and barriers. An example is the identification of the 'perpetual jobseeker' who is allowed 'to cycle in and out of benefits' (Conservative Party, 2009, 12). Although this is described as a 'structural problem', it is represented as a problem of individuals who attempt to 'avoid the escalating conditionality requirements expected of longer term claimants'. The solution will be that 'people will no longer be allowed to cycle through the system. Their continued entitlement to benefits will be contingent on their efforts to find work' and will be subject to the workfare conditions outlined earlier. In contrast, a Joseph Rowntree Foundation programme which studied recurrent poverty and the 'low-pay/no-pay cycle' concludes:

People's personal characteristics have some impact on the risks of recurrent poverty but structural labour market factors remain the strongest influence, implying that this is where the focus of efforts should lie. Otherwise, the risk remains that welfare-to-work strategies will not provide people and their families with sustainable routes out of poverty. (Goulden, 2010, 11)

An overview of the international evidence on contracting out employment services 'highlights substantial problems'. It found only 'limited evidence' of 'efficiency gains or cost savings' and 'a lack of evidence' that 'it offers any better solution' to the challenge of providing effective support for the 'hardest to help' (Wright, 2008, 7). The problem of 'creaming' and 'parking' jobseekers according to their likelihood of finding work, identified in the study, is addressed by the Conservatives' proposals. However, doubts have been

expressed about how workable their solution is (*Financial Times*, 6.10.2009). The proposal that payment by results should be based on employment sustained beyond the current twenty-six weeks is positive, but is not in itself sufficient to address the key issue of sustainability and progression in employment.

### *Reducing disincentives*

So far, Conservative social security policy for those out of work is limited to welfare to work. A broader agenda is set out in the CSJ's *Dynamic Benefits* report. This, correctly, observes that 'to date, there has been too little debate about what the benefits system is trying to achieve'. Its own narrow view is that 'benefits should relieve poverty, while supporting work and independence, in a fair and affordable way' (Economic Dependency Working Group, 2009, 23, 148). This ignores the multiple functions of social security, which go beyond the relief of poverty to include, for example, redistribution over the life-course and economic security. Having accepted the framework of means-testing, the report's main preoccupation is with how to reduce the disincentives that means-testing creates. *Dynamic Benefits* is the latest in a line of schemes which pursue the holy grail of tax-means-tested-benefit integration. Within that narrow paradigm, one of its strengths is to pay proper attention to the disregards applied to casual earnings while on benefit and to the disincentives to take paid work faced by many benefit claimants' partners.

While Cameron's promise to study the report 'very carefully' has been interpreted as code for 'don't expect anything in the near future' (Morris, 2009), it is quite likely that some of its recommendations would gradually be taken on board by a Conservative government in the same way that some of the proposals made by the Commission for Social Justice were by Labour. Cameron has already asked the shadow Chancellor to work with Theresa May, Shadow Work and Pensions Secretary, and Duncan Smith to develop a solution to the problem of disincentives. More fundamentally, although the Conservatives have been very critical of New Labour's increased reliance on means-testing (particularly because of its damaging impact on incentives – Conservative Party, 2010c), there is nothing to indicate that they will take measures to reverse this trend, which they themselves set in motion when last in power.

### *Cuts*

Two specific cuts have been mooted in the income maintenance system. These involve tax credits and asset-based welfare and affect families with children (though they are not mentioned in the draft manifesto section on families).

Having for some time appeared critical of tax credits the Conservatives are now pledged to support them, although Cameron has also said that 'we have surely learnt that it is not enough merely to keep funding more and more generous tax credits' (Cameron, 2010a). In a speech on ideas for cuts in public spending, George Osborne repeated the proposal made at the 2009 party conference that Child Tax Credit (CTC) entitlement would be removed for better-off families (Eaglesham, 2010). (Given that much expenditure on tax credits could be counted under international accounting rules as revenue foregone rather than public spending, we should perhaps congratulate the Conservatives on their maturity about the economics of public finances in equating the two.)

There is a degree of confusion around the plans to cut CTC. Initially, it was claimed that the removal of the per family element for families with joint annual incomes of £50,000 or more (rather than its tapering out from that income level upwards, as it does

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in most cases currently) would raise some £400m. This figure was challenged. More recently, Theresa May has clarified that no families with incomes under £40,000 per year would lose. But, according to a parliamentary answer (House of Commons *Hansard*, 5.01.2010, col. 180W), this could result in savings of only around £135m, with 195,000 families losing CTC (assuming a 6.67 per cent taper rate for families with income over £40,000).

Osborne also proposed in his speech in January to remove the Child Trust Fund (CTF) from the 'richest two-thirds' of families. The CTF is an asset-based welfare scheme introduced by Labour, giving all families an asset for each child, but adding payments for poorer families (and, from April, disabled children as well). Osborne's description of those affected may be seen as somewhat of a misnomer, since the cut involves anyone not on certain means-tested benefits and with income of over £16,040 per year (6). This will save an estimated £300m, and is clearly a fundamental change to the nature of the scheme, which will lose its 'progressive universalism' and become just another means-tested system.

These two cuts are the first 'in-year' savings for 2010/11 that the Tories have pledged – other than uncostered cuts in programmes that 'represent poor value for money', and 'excess spending' on consultants etc. It is notable that they affect only families with children. Moreover, whilst the proposals to recognise marriage in the income tax system, and to remove the 'couple penalty' in Working Tax Credit, would be phased in – with no definite dates as yet, apart from the commitment to introduce a marriage tax break during the next parliament – these cuts for families would be implemented immediately. This is hardly consistent with Cameron's promise of 'the most family-friendly manifesto that any party has produced in British political history' (Cameron, 2010c); and it would mean that it is families with children who would be bearing the cost of reducing the deficit straight away.

The CTF cut would affect many families on lower incomes, including those married and traditional couples who are intended to be helped by other policies. So a modest asset is to be withdrawn from families on low incomes, whilst simultaneously the proposals on inheritance tax would help some of the very wealthiest estates to escape paying tax on assets worth up to £1m (or more for couples); it is hard to think of a more dramatic way of shifting 'asset-based welfare' from one end of the distributional scale to the other.

The less than universal nature of CTCs was of course introduced initially by Labour, which restricted entitlement to the full family element to those with incomes of £50,000 or lower; Theresa May MP also describes tax credits as 'designed to help families on low incomes' (May, 2010). Although the cuts in CTC proposed by the Tories affect those higher up the income scale at the moment, the proposals make it more likely that further cuts would be made in future, if the legitimacy of these were accepted. There is a danger too that these cuts could then represent a step towards further residualisation of the income maintenance system. In the meantime, the (much more drastic) cuts in CTF accomplish this in relation to the new asset-based welfare system in just one move.

The only other clues regarding possible changes in income maintenance policy are alarming to say the least. The first was provided by Theresa May in an interview with the *Financial Times* (Barker and Timmins, 2009). Apart from endorsement of Labour's plan to restore the earnings link with pensions by 2015 (confirmed as a pledge by Cameron at the party's Spring conference), she 'refused five opportunities to guarantee that benefits and

pensions would still increase with inflation under a Tory government'. This takes us back to the battles of the 1980s around the up-rating of a number of benefits.

The other clue potentially takes us back to the Poor Law. Last year, kite-flying in the media indicated that the Tories were considering handing control of welfare benefit levels and eligibility criteria to local government (Wintour, 2009; Helm, 2009). In a speech to the New Local Government Network, Phillip Hammond, Shadow Chief Secretary to the Treasury, asked whether a Conservative government would be able to persuade people that 'they would rather see the management of workless benefits in the hands of a local authority than in the hands of a national government setting standards nationally?' (Phibbs, 2010). Given local government's record in the administration of Housing Benefit, the answer from recipients is unlikely to be in the affirmative. Indeed, the proposed reform is unlikely to be cost-effective from an administrative point of view. More importantly, the destruction of the national safety-net would be likely to lead to a race to the bottom, as councils try to save money and discourage those out of work from living in their areas, particularly at a time of massive budget cuts (7). Experience in the US, which has inspired the idea, is not promising.

## Conclusion

The Conservatives have declared that 'protecting the poorest' constitutes one of ten reasons for voting for them (Conservative Party, 2010b). Their prioritisation of poverty increases the likelihood that it will (unusually) become an election issue and that, whatever the political complexion of the next government, tackling poverty will be high on the agenda. This has to be welcome.

But their central 'broken Britain' narrative depends on assertions about the importance of family structure and a presumed culture of 'welfare dependency', together with a determination to downplay the effects of structural and economic factors and the role and responsibility of government, that are simply not supported by the available evidence. This narrative also glides over the role played by the Thatcher governments in fracturing Britain, leaving a legacy of massive levels of poverty and inequality. Moreover, while many of the Conservatives' proposals for supporting families and encouraging work remain unclear or under-developed, what is clear is that families with children will be early victims of cuts while a boost for couples will have to wait and tax changes will be at best poorly targeted and at worst unambiguously regressive.

So, overall, despite the Tories' newfound concern about poverty and inequality, our argument has been that their diagnosis of the problem and prescription for its solution should make anyone living in poverty, or committed to its eradication, think twice before voting for them.

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**Notes**

1. It should be noted that in an interview with the *New Statesman*, Duncan Smith gave a 'startlingly muddled' account of what he means by social justice, which referred vaguely to improving the quality of people's lives (Derbyshire, 2010, 34).
2. Indeed in an earlier *Renewal* article one of us used the term 'fractured Britain' to describe the state of the nation inherited by New Labour (Lister, 1997).
3. These authors, as is common, examine a TTA restricted to the basic rate of tax; full take-up of tax credits is also assumed.
4. If WTC for couples were to be increased, more two-earner couples would of course be likely to qualify. (It is also argued that two-earner couples benefit from being able to claim the childcare element, whereas single-earner couples get no equivalent help (CSJ, 2009) – though this applies equally to lone parents not in paid work.)
5. Nicola Smith of the TUC has responded with a useful critique: see Smith, 2009a and 2009b.

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6. Families with disabled children are likely to continue to be entitled.
7. It has not been made clear which benefits would be affected but we are assuming that the Tories are talking about means-tested out-of-work benefits and not national insurance benefits.