

Chapter One

Locating the New Deal

Reforming Welfare and Redrawing Responsibility

There is little doubt that welfare states across the industrialised world are facing a set of unprecedented pressures and challenges. The globalisation of capital and trade, together with the intensification of global competition, have raised profound questions about states' fiscal capacities and the optimum levels of public spending and taxation. Technological change has been widely blamed for increasing levels of poverty and exclusion among unskilled and poorly educated groups, and the ageing of demographic profiles has raised serious questions about the viability of public pension schemes and welfare services. On top of all this, welfare states have suffered a relentless barrage of criticisms from neoliberal theorists accusing them of being thoroughly inefficient and counterproductive. European welfare states, in particular, have been targeted as sources of economic rigidity and have been charged with promoting social equality at the expense of employment growth. There is no doubt that welfare states are under stress.

But this does not mean that the welfare state is about to disappear. In fact, there is a widespread consensus that welfare states have shown remarkable resilience and continuity (Pierson, 2001; Taylor Gooby, 2001; Swank, 2002; Huber and Stephens, 2000). Neither does it mean that all welfare states are converging on a single model of residual or minimal welfare (Cochrane et al., 2001; Liebfried, 2001; Scharpf, 2001; Swank, 2002; Huber and Stephens, 2000). Conservative-corporatist, social democratic Scandinavian and liberal minimalist welfare state regimes continue to follow different trajectories, albeit with some complications and common trends (Esping Andersen, 1996; Taylor Gooby, 2001; Hall and Soskice, 2001).

But the absence of convergence certainly does not imply stasis. Political and institutional changes may mean that further reforms to European

welfare states may be much more fundamental, and that the past will be of little help as a guide to the future. Taylor Gooby (2001) identifies two common new priorities. The first is *cost containment*, which means that no government is responding to pressing health care, pensions and labour market problems simply by increasing taxes, social contributions and spending. Increased capital mobility has reinforced the constraints of tax competition, and public sector deficits are avoided because of the discipline of the financial markets. In short there is a new emphasis on the need to contain and improve the efficiency of welfare state spending. The second is the acceptance of a *competitiveness imperative*. This asserts that welfare systems should primarily be oriented to sustaining economic performance and generating economic efficiency.¹ Thus social policies are no longer regarded as a distinct sphere, but are evaluated in terms of their interaction with economic policies and priorities (Giddens, 2000).² Cox (1998a, 1998b) and Lister (2002) perceive two similar common European trends in welfare provision. The first is *residualisation*, including a narrowing of entitlement and a greater targeting of social assistance, together with a move towards encouraging personal responsibility through the use of private welfare provision. The second is a mounting emphasis on making welfare rights conditional on the fulfilment of *citizenship obligations* and paramount among these obligations is the willingness to perform paid work.

Social insurance and other benefit programmes are moving away from solidaristic principles and becoming more achievement oriented. The notion of citizenship as the basis of an individual's claim to support is changing. There is an increasing demand that citizens recognise their obligations when they demand their rights (Cox, 1998a, in Lister, 2002).

As Lister (2002) explains, this new conditionality reflects the confluence of several streams of thought, including a reasserted Protestant work ethic and discourses of social exclusion that see paid work as the key route to social inclusion and full citizenship. In English-speaking states it also to some degree the consequence of powerful neoliberal and communitarian critiques of the consequences of welfare assistance.

During the last couple of decades, welfare debates have been suffused by a renewed moralism, which criticises bureaucratic welfare provision for inducing a weakening of personal responsibility and civic obligations. Deacon (2002) identifies several different perspectives which have contributed to this vision. The first is the *authoritarianism* of Murray (1984) and others which attacks the welfare state for creating perverse incentives which encourage declining levels of paid work, family breakdown and the creation of an underclass of welfare dependants. In this view, claimants are

rational and self-interested individuals who respond rationally to perverse incentives. More generous benefit levels have created new levels of dependency and failed to validate individuals' responsibility for the consequences of their behaviour. The second perspective is the *new paternalism* of Mead (1997) that argues that welfare claimants are not best understood as rational, competent and functioning individuals whose behaviour is guided by incentives. Instead, they are dutiful but defeated actors whose culture condones self-destructive behaviour. Paid work should therefore be enforced and acceptable jobs should be broadly defined. A further perspective has been termed *responsive communitarianism* and argues that individuals in modern industrial societies have become too atomistic and have lost sight of the benefits of social responsiveness and commitment (Deacon, 2002). Rather than forcing and coercing compliance, governments should persuade people through moral arguments about the need to actively exercise personal responsibility and recognise their duties to their communities (Etzioni, 1999).

However, it is not just conservatives and communitarians who have emphasised the need to reform welfare and restore personal responsibility. Similarly, liberal egalitarian philosophers and authors arguing for a reconstruction of social democracy have accepted the need to take measures to encourage personal responsibility. For example, Dworkin (2000) argues that liberal egalitarian theories of justice have in the past tended to ignore personal responsibility. The first principle of Dworkin's theory of social justice is equal concern for all citizens, but the second is *special responsibility* – one person has final responsibility for the success of an individual human life – the person who's life it is. In principle, he argues, individuals should be relieved of consequential responsibility for those unfortunate features of their situation that are brute bad luck but not from those that should be seen as consequences of their choices. In this view, welfare programmes need to enforce rather than subvert proper principles of individual responsibility by being *endowment insensitive* but *ambition sensitive*, that is, in order to be just the resources provided should be sensitive to choices but insensitive to those circumstances attributable to (mis)fortune. A combination of collective and personal responsibility, in his view, represents the basis of a political 'Third Way'.

Giddens (1998, 2000) advances some very similar arguments. One of the defining characteristics of his 'Third Way' is a new social contract between the state and citizens based on the theorem of 'no rights without responsibilities'. In his view, the welfare state should be replaced by a 'social investment state' providing a degree of equality of opportunity primarily by investing in human capital and education.³ He also argues that welfare restructuring should respond to moral hazard and perverse outcomes. 'It isn't so much that some forms of welfare provision create dependency

cultures as that people take rational advantage of opportunities offered. Benefits meant to counter unemployment for instance, can actually produce unemployment if they are actively used as a shelter from the labour market' (1998, p. 115)

While these arguments clearly have very different implications and shortcomings, they share a critique of egalitarian welfare theory, together with the approaches typical of the 'old Left', for portraying benefit recipients simply as passive victims of forces beyond their control. This, it is argued, places too much emphasis on collective or state responsibility for welfare and not enough on personal agency and initiative, leading to perverse outcomes and moral hazard. This discursive theme has had a strong influence on the direction of Clinton's welfare reforms in the USA and has also guided New Labour's welfare reforms in the UK. The desire to redraw the boundaries between collective and personal responsibility has been one of the main motivations underlying the growing popularity of active labour market policy (ALMP) as a primary mechanism for reconfiguring the nature and operation of the welfare state.

Activating Labour Market Policy

The 1990s witnessed a growing enthusiasm among economists and policymakers for active labour market programmes. The term is applied to a wide-ranging set of measures designed to 'actively' intervene in the labour market in order to improve its functioning and efficiency, usually by introducing programmes for the unemployed (Calmfors, 1994). It is distinguished from 'passive' labour market policy, which essentially involves the payment of unemployment and other related benefits, and is often described as a 'safety net'. Active labour market policy includes *job matching* and placements services designed to improve the matching process between vacancies and job seekers; *labour market training* in order to improve the employability and skills of the labour force, and particularly those of the unemployed; and *job creation* schemes either by means of public sector employment or the payment of *recruitment subsidies* to private sector employers (Calmfors and Skedinger, 1995). In practice the distinction between active and passive measures is often blurred as no benefit systems have ever been entirely unconditional (Robinson, 2000; King, 1995). ALMP spans both supply-side measures such as training and compulsory welfare-to-work, as well as demand-side measures such as employment creation and the provision of guaranteed jobs.

The spread of active labour market policy has been predicated on the acceptance of an institutional (welfare-system induced) theory of unemployment. High unemployment in the late 1980s and early 1990s, particularly in

Europe, was interpreted as a *supply-side problem* in which welfare states imposed rigidities on labour markets and thereby prevented them from adjusting to a fall in the demand for unskilled labour, due to globalisation and technological change (OECD, 1994). In this account, the unemployed lack both the necessary skills and motivations to reconnect with the labour market and indefinite benefits allow them to drift into long-term unemployment. In this context, it was argued that Keynesian macro-demand policies are of little help as they fail to reconnect the unemployed to the labour market, and merely serve to inflate the wages of those in employment. This structural institutional/supply-side interpretation has coalesced into a policy paradigm that has guided and constrained policy makers' understanding of labour market problems (Larsen, 2002). As part of this paradigm, generous passive unemployment benefits are criticised as responsible for high and persistent rates of unemployment. In a highly influential text Layard et al. (1991) reviewed unemployment in 19 OECD countries and argued that those that responded well to economic shocks had welfare systems which discouraged long-term unemployment by offering benefits of 15 months or less, followed by active help to the unemployed. Indefinite benefits, they argued, are not in the interest of able-bodied individuals as they create moral hazards and reduce the intensity of welfare-to-work. Benefits should have a 'reasonable value' but should be accompanied by a stiff 'work test'. They concluded:

What we have in mind is the Swedish mixture, or 'employment principle' as they call it . . . This assumes that it should be normal for those who want work to have it. In other words, the proper way to acquire an income is by work rather than by a state transfer. Thus, benefits should be paid only for a transitional period. But there should be active help (and ultimately a guarantee of temporary work) to those who have difficulty getting work (p. 473).

In this account, the Swedish system provided a policy model in the way that it balanced rights and responsibilities. A legally guaranteed right to a temporary job after one year's unemployment can only be delivered if there have been strenuous preceding efforts to get into work or training.

On the basis of such views, active labour market policies have been allocated a key role in the policy response to long-term unemployment (OECD, 1994). The OECD (1999), for example, agrees that passive welfare systems created perverse incentives and signals that discouraged people from taking work and failed to provide the intensive support required to help those detached from the labour market. It argues that 'this dependency leads to a heavy financial cost that constrains other public investments'(p. 10). In contrast, active schemes are often described as self-financing, as it is argued that they may pay for themselves through

the reduction of benefit payments. They are believed to have a macro-economic benefit. By reconnecting the long-term jobless to the labour market, or converting them to short-term unemployed, it is argued that intensive job search, training schemes and wage subsidies can hold down wage inflation and so allow a higher rate of non-inflationary economic growth (Layard, 1997a). Active labour market policies have thus been described as 'Third Way' measures in that they supposedly reconcile employment and equality by simultaneously increasing both employment rates and social inclusion.

In fact, the statistical evidence on the effectiveness of the different types of ALMP is more mixed and ambiguous than some of these claims admit (Robinson, 2000), and the case that such measures produce a higher rate of employment growth has been found to be weak (Calmfors and Skedinger, 1995; cf. Kraft, 1998). The outcomes of such policies are notoriously difficult to identify with any real certainty (Calmfors, 1994). The intensification of active labour market policies in Denmark and the Netherlands during the 1990s has been widely praised for cutting unemployment and producing 'employment miracles', and these policies have been held up as policy models for emulation elsewhere (Cox, 1998b; Auer, 2000). However, even here, the precise effects of active labour market measures are debatable, complex and hard to isolate from business cycle effects, with different evaluation techniques showing different results (see Van Oorschoot and Abrahamson, 2003). Optimistic statements about policy success have tended to be advanced without systematic evaluation and documentation (see Larsen, 2002; Martin, 2000). As Larsen (2002, p. 718) suggests, 'In this common European euphoria for activation policies some of the trade-offs and problems revealed by the evaluations are often ignored.'

Political rhetoric constructs 'active' and 'passive' measures as opposites. As Gilbert (2002, p. 189) writes, 'The word *active* speaks of life's energy, whereas *passive* suggests a state of mild depression.' In truth, active programmes are not alternatives to 'passive' measures, which compensate those who lose out, and there is little evidence that active measures remove the need for old forms of social protection (Hills et al., 2001). It is hard to avoid the conclusion that the policy enthusiasm for, and faith in, ALMP and welfare-to-work have run ahead of their unequivocal empirical achievements, largely because of the way in which they resonate with the supply-side interpretation of unemployment and the associated emphasis on the need to restore personal responsibility and work obligations. Nonetheless, evidence from Germany and Sweden suggests that while active measures may not be able to create employment, they may nevertheless play a useful role in maintaining the skills, motivation and morale of the long-term unemployed (Clasen et al., 1998). Comparative evaluations report that subsidised private sector employment can be highly effective in promoting

the transition from welfare to work (e.g. Ochel, 2004), although large-scale programmes may suffer from significant displacement effects.

As references to the Swedish system indicate, active labour market policies were initially associated with European social democratic and some corporatist welfare regimes. Indeed the Swedes are credited with inventing the active approach to the labour market during the 1950s and 1960s. Forslund and Krueger (1994) noted that expenditure on labour market policy in the 1980s was about 3 per cent of GNP in Sweden, 2 per cent in West Germany and less than 0.5 per cent in the United States. The minimal spending on active measures in the US indicated a liberal welfare regime where Left-wing parties had little power (Janoski, 1994). Indeed in the post-war years active labour policy was an anathema to liberal regimes. Since the late 1980s, however, things have changed and in the context of political emphasis on the need to construct 'worker citizens', liberal regimes have embraced a particular form of ALMP, which has been christened *welfare-to-work* or *workfare*.

Workfare is an elastic and controversial term but was initially understood to mean making social assistance conditional on the performance of employment (Solow, 1998). The term can be used specifically to refer to those schemes where claimants are made to work for benefits at rates below the prevailing market wage (Gray, 2004). However, the concept is now usually understood in a broader sense to indicate the programmes where participants are required, as a condition of income support, to participate in a wide variety of activities that increase their employability and employment prospects (Peck, 2001, p. 84). Some argue that workfare is only one component of 'workfarism', which is a system of regulation designed to condition and coerce benefit claimants into taking low-wage, flexible and insecure jobs, thereby supplying a contingent labour supply that reduces wage pressure and encourages employment growth (Peck and Theodore, 2000a, 2000b). In this broad definition, tax credits for the low paid can be seen as part of workfarism as they increase the incentives for claimants to move from benefits into low-paid employment. Typically, workfare is designed to tackle a perceived problem of 'welfare dependency' characterised by poor motivations and weak work ethics among the unemployed. It is also clearly designed to deter individuals from seeking social assistance by making its receipt conditional on obligatory activities.

Workfare was closely associated with the steps taken by the Reagan administration in the US to make its welfare regime harsher and leaner, and during the 1990s under Clinton's Democratic Party the concept proved highly influential. While State governments in the US had been experimenting with workfare schemes since the 1970s, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 created strong incentives for states to move welfare recipients into jobs. The Act

introduced mandatory employment targets for the welfare recipients and offered states new freedom in designing their welfare benefit schedules and implementing welfare-to-work programs (Blank and Card, 2001). Federal aid which provided cash assistance to parents with children (AFDC: Aid for Families with Dependent Children) was replaced by a federal block grant or funding stream that can be used in a variety of ways (TANF: Temporary Assistance for Needy Families). However, in order to receive this funding, states must meet or exceed a rising target for the proportion of welfare recipients who work at least 30 hours per week. A lifetime eligibility limit for the receipt of federally funded benefits of five years for adults also pressured states to reduce their welfare bills. A whole new set of TANF welfare-to-work programs has subsequently been introduced and has been associated with falling caseloads. Indeed, over the course of the 1990s the caseload across the entire country fell by 50 per cent (Blank, 2000). As Blank and Card write, this apparent success has been aided by a buoyant labour market: 'In this extraordinarily favourable macroeconomic environment, most states were able to focus on redesigning and implementing new programs, with little concern for job availability' (2001, p. 2; also Ellwood, 2000).

Because of its associations with punitive, residual American strategies, workfare in Europe has been a highly politically charged term and, while observers have tended to use the word in a pejorative and critical manner, policy-makers have tended to avoid the word and use 'welfare-to-work' or 'activation policies' instead. However, this may be changing. Lødemel and Trickey (2001) identify two main types of definitions of workfare: aims-based definitions, which concentrate on the objectives of the programmes, and form-based definitions, which emphasise the character of the policy. They prefer a form-based definition; workfare signals a compulsory programme in which non-compliance with work carries the risk of lost or reduced benefits. In their view, aims-based definitions are at risk of simplification and neglect the compatibility of workfare with different ideologies. In this way, Lødemel and Trickey attempt to shed some of workfare's political connotations, and represent it as a set of tools, put to different use in a variety of welfare regimes. While this seems to neglect some of the common ideological currents behind the shift to active labour market policy outlined above, there are undoubtedly different types of welfare-to-work programme.

Torfing (1999) identifies 'offensive' workfare strategies and 'defensive strategies'. Offensive workfare is statist and produces benefits for both capital and labour by providing education and high-quality training for the unemployed. Defensive strategies, in contrast, are neoliberal attempts to lower unemployment benefits and aggressively move the unemployed back into work. In his view, Danish workfare has followed an offensive

strategy, so that 'The Danish case undermines the myth that workfare is essentially neoliberal, punitive and bad' (Torfing, 1999, p. 23; also Etherington, 1998). Peck and Theodore (2001), likewise, distinguish between 'work-first', labour force attachment schemes, which compel individuals to take formal employment as soon as possible, and 'human capital' schemes which focus more on the provision of training and skills development. Gray (2004) prefers to distinguish between neoliberal workfare measures that push up the labour supply and depress wage rates, and Keynesian measures that act to reduce the labour supply by providing training opportunities and jobs in the non-profit sector, and by raising the demand for labour by subsidising private sector jobs. Barbier (2001) also distinguishes two ideal types of activation. The *liberal* type enhances individuals' relationships to the labour market, incites individuals to seek work, and provides matching services and short-term vocational training. The *universalistic* type, in contrast, provides extended services to all citizens, and guarantees high standards of living for the assisted and benefit levels close to minimum wages. While no welfare states fit these types exactly, Barbier and Ludwig-Mayerhofer (2004) suggest that the UK is close to the liberal type, Norway and Denmark are universalistic, and Germany and France occupy intermediate positions.

In summary, despite the different classifications, the common theme is that it is possible to distinguish between *social democratic and neoliberal activation* policies. Both tend to make job search obligatory, but the former tend to concentrate more on training, temporary public employment and providing qualifications, while the latter also attempt to increase work incentives and price the unemployed back into work by lowering wages. However, as Larsen (2002) argues, both approaches are primarily supply-side and tend to accept the institutional supply-side theory of unemployment outlined above. But it is clear that workfare, and active labour market policy more generally, can have different characteristics and different outcomes in different welfare regimes. There have now been several attempts to document the spread of activation policies across different states and to examine their reliance on social democratic or human capital approaches as against neoliberal work-first schemes. It is clear that it is not always easy to characterise national schemes, because they involve complex mixtures of different components, they include different forms of conditionality and activity, and they interact with other differences such as the degree of reliance on social insurance. Moreover, in recent years, work-first activation measures have been introduced within the contexts of quite different national welfare regimes. For instance both Norway and Germany have introduced schemes that are in some ways similar to US work-first approaches (Lødemel and Trickey, 2001; Gray, 2004). Where, then, do the UK's New Deal programmes sit within this complexity?

Introducing the New Deals

New Labour's 'Third way' approach to welfare reform insists that rights should be matched by responsibilities and presents active labour market policy as a solution to welfare dependency. The rationale was first set out in the Green Paper *A New Contract for Welfare* (Department for Social Security, 1998), which argued that there is a need to end a welfare system that 'chains people to passive dependency instead of helping them to realise their full potential' (p. 9). The welfare state should not be a residual safety net but should be modernised to provide for people in ways that fit the modern world. Its welfare-to-work programme would 'break the mould of the old, passive benefits system' (p. 24). The Prime Minister, Tony Blair, claimed, 'We have started to change the culture: a new approach to rights and responsibilities. Just as this Government is committed to creating more opportunities for people, individuals have the responsibility to take up those opportunities' (DfEE, DSS, HM Treasury, 2001, v). The government has argued that it has led the way in Europe in its adoption of active labour market policy and that it now has some of the most successful policies. Welfare reform has been designed to create an active or 'enabling' state, which is designed to overcome unemployment, rather than passively ameliorate it, and to 'cut the costs of economic and social failure' by preventing the unemployed from drifting into long-term unemployment and inactivity (DfEE, DSS, HM Treasury, 2001). As the rhetoric goes, the safety net should be transformed into a trampoline (Driver and Martell, 1998). In Blair's words, 'this is a government doing exactly what it said it would – modernising the welfare state on the principle of work for those who can, security for those who can't' (Blair, 1999a).

As this sound bite suggests, the government has endeavoured to reinforce the value and central role of paid employment. For example, the Chancellor of Exchequer, and the then Secretary of State for Work and Pensions, argued that the introduction of a single agency for unemployment benefits and job placement (ONE)

will enshrine the obligation that everyone has an obligation to help themselves, through work wherever possible. In return, the Government has an equal responsibility to provide everyone with the help they need to get back to work, when they need it, as well as making sure there is greater security for those who cannot work (HM Treasury-DWP, 2001a, iv).

Paid employment is presented as the best route to economic independence and social inclusion and obtaining a job is claimed to be the quickest way to exit poverty. The government has promised 'a crackdown on the workshy' as part of its 'work-first' philosophy. For instance, according to Brown and Darling:

Work is the best way to lift families out of poverty, to raise incomes, and to open doors. That is why we have adopted a work first approach in our welfare reforms, as part of our drive to end poverty. For people who cannot work, our priority is to provide greater security than in the past (HM Treasury and DWP, 2001a, iii).

Similarly, in the words of Nick Brown, Minister for Work, 'we examine people's options for work before awarding benefit – a work first culture' (DWP, 2002).

In addition to the 'modernisation' of delivery and management, this 'work first' reform has involved two main elements: make work pay, and welfare to work. First, in line with its emphasis on the centrality of paid work, the government has introduced measures to increase the financial incentives of working. These include the Working Families Tax Credit and Child Tax Credit designed to increase the incentives of single mothers and families with children to enter work (see Blundell, 2001) as well as the National Minimum Wage. Such policies have been designed to counter the unemployment and poverty-traps created by the UK's means-tested benefit system and restructure financial incentives to make work more financially rewarding for the low paid.

Second, it has also introduced welfare-to-work policies designed to compel and encourage welfare recipients to gain paid work. In total, six New Deal programmes have been introduced (see Millar, 2000a). The flagship policy, the New Deal for Young People (NDYP), introduced in January 1998, contains the strongest element of enforcement of an obligation to work.⁴ Since its inception various other 'new deals' have followed. The New Deal 25 Plus for the Long Term Unemployed targets those over 25 years and consists of advice and support from a personal adviser, followed by education/training or subsidised employment. Participation in the advisory programme is compulsory, while further participation is not. The New Deal for Lone Parents consists of an initial interview, job search and in-work support, and participation is voluntary. The target group is lone mothers on Income Support for six months with a child aged over five years. The New Deal for Partners of Unemployed People is a smaller, non-compulsory programme offering access to the NDYP and advice and guidance from a personal adviser. The New Deal Programme for Disabled People is voluntary and once again offers the support of a personal adviser, whereas the New Deal 50 Plus targets those in the 50 and over age group receiving incapacity benefits, Job Seeker's Allowance (JSA) or Income Support for at least six months. It offers access to a personal adviser and those finding work can receive a one-year employment credit. There is now also a New Deal for the Self Employed, to help people set up their own businesses. Yet further, a New Deal for Communities

seeks to tackle multiple deprivation in the most deprived neighbourhoods of the country.

The focus of this book is on the NDYP (New Deal for Young People). It is the largest New Deal programme with a budget of £3,150 million, funded by an *ex post* windfall tax on the privatised utilities.⁵ It aims to increase the employability of the young long-term unemployed and to move them into work. Those 18–24 year olds claiming the Job Seekers' Allowance for six months are entered on to the programme. There follows a Gateway of four months in which clients are interviewed by a personal adviser and given help with welfare-to-work. For the majority of clients the Gateway is their only experience of the programme, as summary statistics show that around two-thirds of clients leave the programme before the end of the Gateway. But at the end of this period, those clients who have not found work have to choose one of four options. These include full-time education and training, a work placement with an environmental organisation, a placement with a voluntary organisation, or a six-month subsidised job placement (subsidised at £60 per week and up to £750 for the cost of training). In addition, assistance is available to help young people move into self-employment. On the subsidised job option clients receive a wage that must be at least equal to the subsidy received by the employer from the DWP. Employers agree to provide training and a job at the end of the six-month period, providing the young person is deemed to be suitable. The full-time education and training option is aimed at those with no basic qualifications, and clients on this option receive an allowance for up to a year. The voluntary sector and environment work six-month placements are the most workfare-like options in the programme. While on these, participants receive their benefit plus a small supplement. The environmental option has proved to be the least popular. In September 2004, for example, Department for Work and Pensions (DWP) statistics showed that of the 70,850 people on the NDYP, 9.4 per cent were in education and training, 4.7 per cent working in the voluntary sector, 3.4 per cent were in subsidised jobs and only 2.9 per cent were on the environmental option. All the rhetoric heralding the programme made the point that there would be no 'fifth option' of continuing on benefit. For those who reach the end of their option without getting a job, there is a further period of follow-through advice and guidance, after which an individual still unable to get a job returns to benefit claiming and possibly back on to the programme.

Government officials and others have argued that the design of the NDYP drew lessons from both social democratic Europe (particularly Sweden) as well as the liberal USA (Giddens, 2002; Annesley, 2003). Most academic observers, however, have stressed that the key characteristics of the programmes, particularly the NDYP, primarily reflected the operation of a process of transAtlantic policy transfer (King and Wyckham-Jones, 1999;

Dolowitz, 1998; Peck and Theodore, 2001; Deacon, 2002). American policy ideas have been much more influential than European social models, as institutional and labour market similarities between the UK and USA facilitate easier policy transfer and imitation (Daguerre, 2004; Daguerre and Taylor Gooby, 2004). In addition, lessons were also learnt from the Australian Labour governments' work-focused welfare reforms implemented between 1983 and 1996 (Johnson and Tonkiss, 2002). Dolowitz (1998) argues that the British Conservative governments 1979–87 had already established a system of workfare, primarily through the introduction of compulsory job search, via the Job Seeker's Allowance (JSA), and youth training schemes. While Peck (2001) agrees that elements of workfare were put in place under the Conservatives, he argues that it was not until the New Deal that a systematic workfarist system was introduced in the UK. The process of policy transfer spun out of the close links between New Labour and the Democratic Party, which allowed an intangible transfusion of policy languages, rhetoric and styles.

In the case of policy welfare reform, what have been imported from the US are not so much individual 'policies that work' but more general *political strategies* of reform management – focusing on issues of dependency, the virtues of work, and so forth – coupled with a selective reading of key policy lessons. (Peck and Theodore, 2001, p. 430).

These reform strategies have clearly drawn on the conservative and communitarian critiques of dependency outlined above. According to several commentators, New Labour's welfare reforms have drawn heavily on communitarian ideas, and especially the notion that government should exhort and persuade citizens to practise their obligations and show a proper sense of moral and civic duty (Driver and Martell, 1998; Deacon, 2002). In this view, these reforms are a quintessential piece of Third Way thinking in that they attempt to reconcile what have previously been seen as opposing political principles, emphasising both individual responsibilities and collective obligations. While in principle it may be ultimately impossible to reconcile the irresolvable tensions and counterposed opinions of the political left and right, in practice New Labour's policies have attempted to find and manage pragmatic trade-offs and compromises between these positions (Driver and Martell, 1998). Thus its reforms of the welfare state attempt to draw on and accommodate different values. As Deacon (2002) explains:

What is important here is not that New Labour has produced a new combination of incentives, authority and moral exhortation. It is that this new combination represents an attempt to respond to conservative ideas about dependency without abandoning altogether the goal of greater equality (Deacon, 2002, p. 105).

Much academic work, however, has been sceptical of any attempt to produce such a combination or balance. It argues instead that workfare and enforcing work obligations have taken priority over, and cannot be reconciled with, the aim of increasing social inclusion and equality. Instead, regulationist theories suggest that a regime of Fordist-welfarism is in the process of being replaced by one of post-Fordist workfarism, in which work obligations are forcing people into a liberal style of economy, which is acting to lock people into poverty rather than lift them out of it (Peck, 2001). In this view, while the UK's welfare-to-work programme is path-dependent and contains both continuities and discontinuities, it is nevertheless part of a generalised shift away from 'welfarist principles of needs-based entitlement and universality to the workfarist principles of compulsion, selectivity and active labour-market inclusion' (p. 429). Thus the New Deals represent the establishment of a workfarist system based on *enforcing work while residualising welfare*.

This approach draws on Jessop's account of the Schumpeterian Workfare Post-national Regime (SWPR), which, he argues, is replacing the Keynesian Welfare National State, partly as a response to economic globalisation, the growing openness of economies and a capitalist search for renewed profitability (Jessop, 1994, 1999). The ideal typical SWPR is said to have four key characteristics. First, it demotes the promotion of full employment, in favour of promoting structural or systemic competitiveness. Second, it is a workfare regime in so far as it subordinates social policy to the aims of labour market flexibility and competitiveness, aiming to put downward pressure on the social wage and cost of international production. Third, the SWPR signifies post-national welfare governance in the sense that other scales of analysis have increased significance. Not only is power transferred upwards to supranational agencies,

But there is a simultaneous devolution of some economic and social policy-making to the regional, urban and local levels on the grounds that policies intended to influence the micro-economic supply-side and social regeneration are best designed close to their sites of innovation (p. 356).

Fourthly, the SWPR is destatised in that non-state mechanisms and private network partnerships are more important in the delivery of policies. Jessop further argues that this ideal-type has subtypes and variant forms and that it should not be reduced to its neoliberal subtype, although most of the writing on this approach seems to concentrate on this version. This account of the SWPR has since been criticised as too determinist and functionalist and for failing to identify the agents and actors responsible for political change, implying an unhelpful necessity in the course of welfare change (Gray, 2004). More recent regulationist work, keen to avoid the charge of

crude functionalism, has stressed the importance of political choice, institutional pressures and the animation of neoliberal ideology (Peck, 2001). Emphasis has shifted away from economic necessities towards the rapid cross-national transfer of neoliberal policy ideas and strategies (Peck and Theodore, 2001). Nevertheless, it is maintained that workfarist regulation shows a certain emerging fit with deregulated neoliberal economic growth as it mobilises a ready supply of workers for low-skilled and insecure entry-level jobs (Peck and Theodore, 2000a, 2000b). Welfare reform and labour market change, it is argued, have evolved into a symbiotic relationship and after decades of experimentation and political struggle there is a degree of post-hoc functional correspondence between the contingent labour market and the direction of welfare reform (Peck, 2001).

This form of analysis has been highly critical of the aims and outcomes of neoliberal workfarism. Largely on the basis of North American experience, Peck (2001) argues that regressive workfarism recasts welfare in terms of short-term job market flexibility and enforces labour market participation in an era of low pay, work insecurity and low-grade service employment. A defining characteristic is that it is preoccupied with the initial transition into the labour market and therefore directs participants into low-grade, high turnover jobs. The effect is to exacerbate churning and turnover, and erode working conditions, in the lower reaches of the labour market. Workfarism is also argued to be of most help the most employable so that it acts to reproduce pre-existing labour market inequalities. In this view, it achieves little in terms of the alleviation of poverty, skill shortages or structural unemployment. Finally, Peck (2001) argues work-first systems are predicated on specifically local labour market conditions such that their results vary with the status of the local economy. In his words:

Indeed real questions remain about whether work-first systems, much of which were developed in suburban or exurban locations, will even work in troubled, inner-city labour markets or in economically lagging regions. In some senses the purchase of the work-first policy package is weakest in precisely those areas where effective welfare-to-work programs are needed most: high unemployment areas (Peck, 2001, p. 356).

Indeed, recent work on the rapid decline of welfare caseloads in the US has shown that most welfare recipients continue to reside in inner city areas and there is evidence of an important spatial mismatch between these areas and suburban areas of job growth (see Allard, 2002; Allard et al., 2003).

In response to such contradictions, the critique of workfarism suggests that it depends on a continual search for new 'policies that work', cross-local/national policy transfers and fast policy churning. The geography of workfarism is argued to be integral to this incessant process of search,

experimentation and diffusion of best practice. It involves a turn to localized delivery and experimentation and, as a consequence, *national welfarism* is being replaced by a *local workfarism* (Peck, 2001, p. 361). Spatial unevenness and local distinctiveness together with the level of discretion of local administrators are all argued to increase as economic and social policy are recoupled at the local scale, contributing to a growing spatial unevenness in modes of local labour governance.

The obvious question from our perspective is whether and to what extent the New Deal corresponds with this vision of the mechanics and failings of local workfarism. Does it suffer from the same limitations as neoliberal regressive workfare and does it signal that the UK welfare state is set on a path to residual welfare? On the one hand there are clearly central aspects of the UK's welfare reforms that can be legitimately described as neoliberal. The country's welfare regime is undoubtedly set in a mutually reinforcing relationship with its liberal economy, and partly as a result, there are important continuities between Labour's New Deals and the welfare policies of the preceding Conservative governments. The programmes have been implemented in the context of a pro-market economy with a deregulated labour market. New Labour has been keen to emphasise the benefits of a flexible labour market, with the addition of certain minimum standards, as well as a stable macro-economy marked by fiscal prudence. Moreover, the Blair governments have also continued to implement an 'organisational settlement', which aims at the modernisation of welfare and public service delivery through the introduction of 'managerial technologies' and practices borrowed from the private sector (Clarke and Newman, 1997, 2001).

Thus there are certain 'institutional complementarities' between this liberal economy and welfare policy (see Huber and Stephens, 2000). The relatively low level of benefits and the growing use of means testing reinforce the operation of fluid and deregulated labour markets by ensuring a supply of labour for entry-level jobs (Esping Andersen, 1990). The bedrock of labour market policy continues to be the Job Seeker's Allowance, as the Treasury proudly proclaimed:

Over the last decade the benefit regime facing the claimant unemployed has become progressively stricter. As well as receiving a relatively low level of benefits by international standards, the claimant unemployed must demonstrate that they are actively seeking work as a condition for receiving social security payments (HM Treasury 1997, p. 33).

While the government has introduced more incentives to reward work, its introduction of a minimum wage and tax credits has been designed so as not to significantly increase the relatively low wage costs of employers.

Indeed, in some way tax credits may enable and encourage low wages. While the New Deals contain a mixture of different types of active labour market policy, including wage subsidies that attempt to raise demand for the target group, they are primarily a supply-side intervention. Furthermore, the skills demanded by liberal market economies tend to be general skills, supplied via the educational system, which enable people to move from employer to employer, rather than firm specific and vocational skills provided by co-ordinated training systems (Hall and Soskice, 2000). The welfare-to-work regime in the UK can be described as liberal in character because of its combination of low benefit levels, a high degree of compulsion and an emphasis on means testing and individual responsibility to work (Wright et al., 2004).

On the other hand, however, New Labour's welfare reforms are in some ways more complex and contradictory than the workfarist picture of a degradation of welfare rights, and shift to a minimalist welfare regime. These reforms have been hallmarked by ambivalence (Lister, 2001). While going with the grain of a liberal market economy, New Labour has also shown a commitment to reducing social exclusion and has also implemented some more social-democratic strategies (Driver and Martell, 1998). It has made a commitment to halve child poverty by 2010/11 and eradicate it by 2020 and has raised the value of some benefits. The UK's welfare state has always been a mixture of liberal and social democratic collectivist principles and while recent reforms have undoubtedly moved it further in a liberal direction, it continues to be a hybrid (Clasen, 2003). As Clarke et al. write:

It may be that the British welfare regime is in transition from one peculiar hybrid to another... The emerging regime appears to combine strong neo-liberal principles with more residual social democratic concerns (overlaid by occasional corporatist influences from the EU) (2001, p. 105).

For example, several observers suggest that the New Labour government has carried out a policy of 'redistribution by stealth' and has kept fairly quiet about its improvements in the level of some benefits, and transfers of income to families with the lowest incomes, for fear of alienating its middle-class support (Lister, 1999). The government's recent emphasis on explicit poverty reduction and social inclusion may have been too narrowly focused on employment as the sole route to inclusion, but it has generated a greater concern with dynamics of poverty and lifestyle change (Hills et al., 2001). Welfare reforms certainly include an increased targeting of benefits and income support on the poorest, but selectivity can be progressive; paying universal benefits to relatively wealthy middle class individuals is not an inherently preferable and sustainable alternative.

Furthermore, while the New Deal programmes are based on work-first, supply-side interventions, they also include some efforts to provide more human capital and job options and to provide personalised support for recipients (Millar, 2000a). As Gray (2004) argues, on the one hand, the New Deals represent a forced intensification of job search with workfare (benefit-plus placements) to follow for those do not succeed. On the other hand, the Employer Option is designed to provide jobs with a market wage, albeit the minimum wage in practice, and the New Deal programmes also temporarily remove a number of people from immediate job search by providing off-the-job training. As Gray (2004, p. 169) points out, only a minority of young people on the programme have been allocated to benefit-plus placements (about 15 per cent). And in her words, 'Training on the New Deal is longer than in any other programme seen in the UK since the late 1980s, and represents a substantial increase in government training investment' (p. 183). Lødemel and Trickey's (2001) comparative study of the development of workfare concludes that the New Deal has much in common with Dutch and Danish approaches to activation, and represents a relatively strong human resource development approach offering more opportunities to participants than is provided in workfare schemes elsewhere. Although they also note that the level of out-of-work benefits in the UK remains low and the move to compulsion is also relatively marked.

In summary, the New Deals have been part of one of the most fundamental reforms of a European welfare state to date, and this unusual degree of restructuring has moved the British welfare state towards a more liberal regime (Taylor Gooby, 2001). At the same time the New Deal programmes are a hybrid so that they combine some work-first components with other human capital opportunities. To a certain degree they reflect the influence of a liberal communitarian ideology of social inclusion and some degree of continuing concern with equality of opportunity. What is unclear, however, is whether and how far this hybrid form of workfare works in the same locally fragmented and erosive way as regressive workfarism, and has also suffered from the same types of problems, contradictions and counter-productive effects. In order to evaluate these questions in detail, we need to look both at the New Deal's geography of delivery and at the extent to which its outcomes have varied across different local labour markets. The interactions between economy and welfare reform do not stop at the scale of the national economy. Liberal production regimes have certain generic structural characteristics, but one of these is that they are also differentiated across space and show marked and contingent regional and local variations. How welfare regimes interact with such differences also depends on how they are also ordered and structured across space (Pinch, 1997). In short, both production and welfare regimes have important geographies.

Inadmissible Evidence! Geography and the New Deal

It has been argued that the geography of any labour market programme is driven by two sets of processes (see Peck, 1994; Jones, 2000; Martin, 2000; Martin and Morrison, 2003). Firstly, it reflects the outcome of a process of *governance* in which central state and local agencies interact, and allocate power, responsibilities and functions. These institutional and political processes will determine how scales of intervention are constructed, how much local autonomy in decision-making is exercised under the programme and the degree of (de)centralisation typical of any programme. Secondly, however, there is another set of processes that centre on the *interactions between the intended and unintended effects of the programme and local labour market conditions*, which shape local outcomes. Such effects will be contingent on local conditions and so tend to produce a spatial selectivity in which policy has uneven spatial effects and reinforces uneven development. The two sets of processes are interdependent, of course, as the degree of perceived spatial selectivity will depend on how institutional hierarchies and spaces are constructed and operated, and, in turn, the geography of interaction may affect the understanding of policy outcomes and hence influence the power and influence of different policy groups.

Discussions of welfare-to-work and the New Deals have, in general, included many more references to the first set of processes. The main reason for this is that the introduction of active labour market policies has often been associated with a decentralisation of policy delivery. Responsibility for the delivery and often the design of active policies is often allocated to regional and local administrations within particular states. Reviewing employment and labour market policies, the European Commission (2000) noted that:

Almost all Member States are decentralising the implementation of policies decided and financed at national level. Although this is done mainly through local public employment services (PES), there is an increasing tendency to build working partnerships with different types of local actors (p. 16).

According to the OECD (2001), active labour market policy works best and meets its aims more effectively when implemented with a local dimension (also Campbell, 2000; Finn, 2000). In Chapter 6, we explain this view and examine the purported advantages in detail. This emphasis on the benefits of decentralisation clearly had some influence on the design of the NDYP. The rhetoric introducing the programme suggested that it would involve a strong degree of decentralisation. Sir Peter Davis, Chair of the New Deal Taskforce, stated that the local partnerships would have as

much discretion and autonomy as possible. The local partnerships delivering the NDYP would, it was suggested, be able to design policies tailored to their local economic circumstances (Education and Employment Committee, 1998).

The significance of this in theoretical terms is that it appears to conform with the argument that the spatiality of welfare governance is undergoing profound change. As we have noted, it is claimed that the development of Schumpeterian workfarism involves a process of a 'hollowing out' of the national welfare state (Jessop, 1999). We examine in Chapter 6 whether these contentions conform with the actual experience of the New Deal. We argue that decentralisation has actually been quite limited and restricted by the centralist character of the programme and its management structure. Moreover, we argue this is not simply an outcome of the path dependent nature of the highly centralised and monolithic UK welfare state. It also reflects the imposition of a new managerial regime that deliberately creates a restricted degree of local discretion within centralised controls, in order to ensure that local units compete to achieve central targets in the most efficient manner. Thus the complex changing institutional spaces surrounding the New Deal reflect not only the partial implementation of some lessons about decentralisation gleaned from the international transfer of best practice; they also reflect some of the 'managerial technologies' of the new public managerialism, through which the central state monitors, controls and audits the activities of local public institutions (see Clarke et al., 2001; MacKinnon, 2000).

In contrast to these debates, the second set of geographical processes – the local interactions between programme effects and conditions – has received much less attention. It has only made a minor appearance in the official evaluations of the New Deal, most of which focus on particular parts of the programme or on the aggregate and macro-economic outcomes. For example, it was not until 2002, after publishing several reports on the New Deal, that the Employment Select Committee of the House of Commons admitted that there may be significant geographical variations in outcomes. There has been relatively little analysis of local interactions and geographical contexts in commentaries on the New Deal. In some ways this was surprising. For example, there was already a considerable body of evidence from the US which indicated that workfare programmes were more effective in buoyant local labour markets (Newman and Lennon, 1995; Oliker, 1994; Friedlander and Burtless, 1995; Gueron and Pauly, 1991; Jensen and Chitose, 1997; Peck, 2001).

There have been both economic and political reasons for this lack of analysis of the geography of processes and results. First, as we have seen, the economic theory behind the New Deal explained long-term unemployment as the outcome of passive unemployment benefits and the loss of

motivation and skills resulting from a detachment from the formal labour market. The issue was that individuals lacked employability, which was understood as referring to the skills and assets possessed by these individuals. This is a classic example of the way in which the discursive construction of a social problem determines the character of the policy response. Long-term unemployment was diagnosed primarily as an individual supply-side issue, so that local variations in employment growth and the demand for labour simply could not figure as important problems to be addressed (Turok and Webster, 1998; Peck, 1999). For fear of legitimising a lack of motivation and job search among the unemployed, HM Treasury has repeatedly and resolutely argued that there are no local job gaps or demand deficiencies causing shortages of vacancies. While there are pockets of multiple and complex problems, 'they do not face a simple lack of jobs' (2000, p. 7). So, according to the Treasury:

The problem of Britain's most deprived areas is not necessarily a lack of jobs – in almost every case, these areas sit alongside, and within travelling distance of, labour markets with high levels of vacancies. People need to be equipped to take advantage of those opportunities. The Government therefore needs programmes to increase the employability of people in deprived areas, alongside those aimed at regenerating those communities, so that people from deprived areas can access and fill the vacancies that exist near to where they live (2000, p. 1).

While admitting that there remain long-standing differences in labour market opportunities between regions, in this 'Treasury view', the labour market is 'more balanced across the country, at a regional and sub-regional level, than at any time since the 1970s' (p. 9), and the decline of regional unemployment differentials 'seems to go well beyond' normal cyclical behaviour. The economics surrounding the New Deal has consistently focused on the health of the national economy, assuming that regional and local differences in unemployment are small and declining. In geographical terms, the tendency was to insist that a 'rising tide would lift all boats'. Such was the preoccupation with ensuring a stable macroeconomic context that local variations in economic growth faded into insignificance. Our review of local unemployment in Chapter 2 shows how partial and mistaken this was.

In addition, there have also been political reasons for this exclusion of the importance of geography to the NDYP. The character of the ideological support for the New Deal has oscillated between welfare dependency and a notion of social exclusion/inclusion. As we have seen, the former reinforces the focus on the behavioural and ethical deficiencies of individuals. At the same time, the latter assumes that there is a single national community in

which the excluded could and should be integrated (Prideaux, 2001). Moreover, inclusion is to be based not on egalitarian outcomes but on the provision of the opportunity to work (Lister, 1999). The admission that the opportunity to work remains in fact geographically variable creates unwelcome complications, particularly if many of those areas with lower employment opportunities are in the traditional heartlands of Labour's electoral support. In general it seems that the Third Way's emphasis on mutual rights and obligations is uncomfortable with geography. If the right to get a job of a similar quality is significantly variable across space, and is partly dependent on where an individual resides, does this mean that responsibilities should also be variable according to location? It is not hard to see why a serious engagement with geographically uneven labour market conditions was ruled inadmissible evidence, as it confuses the notion of a national community based on shared moral obligations and weakens the pressure on the unemployed to find work.

However, notwithstanding the influence of 'Treasury view', we do not wish to overstate our case and suggest that the policy regime surrounding the New Deal has completely ignored the geography of labour market conditions and programme outcomes. Instead it has increasingly been argued that there are certain localities that need extra help. These areas are usually delineated as problem 'pockets'. In the Government's terms, more needs to be done to ensure that employment opportunities are available to those in 'remaining pockets of high unemployment and low employment':

Unemployment has fallen in every region of the country. But there are still pockets of high unemployment, mainly in poor urban neighbourhoods, often within daily travelling distance of areas with high numbers of job vacancies, and people face difficulty finding work there (Department for Education and Employment, Department for Social Security and HM Treasury, 2001, p. 33).

Firmly 'on message' again, the Treasury and Department for Work and Pensions, describe how inactivity has become concentrated in certain disadvantaged areas:

By the mid-1990s, inactivity had also become concentrated in certain areas of the country. These areas, where a large proportion of the population is outside the labour market, tend to be in large conurbations, or in areas that were in the past dominated by mining or heavy industry. Nonetheless, even in areas where there are still pockets of high worklessness it is often only a short travelling distance to areas where high numbers of vacancies and skill shortages can be found (2001a, p. 3).

Once again the construction of this local problem paves the way for the policy response: the exceptional and particular problems of localities are to

be addressed by means of local zones and initiatives. These include Employment Zones, Action Teams for Jobs and, from April 2002, the StepUP scheme in 19 pilot areas of high unemployment. This is a clear example of New Labour's localism, which represents social problems as being confined to certain localised areas and amenable to area-based solutions (Mohan, 2000). Whether these additional locally focused initiatives represent an adequate response to the problem of locally uneven labour market conditions is discussed in Chapter 7, subsequent to our evaluation of the local impact of the basic New Deal across the country.

Aims and Approach

The aim of this book, therefore, is to remedy this relative neglect of geography in the formulation and evaluation of the New Deal and to examine both the NDYP's institutional spaces and its local labour conditions and interactions in some detail. Our analysis is based in part on the findings of an ESRC-funded research project that used a combination of quantitative and qualitative methods. The research is founded on a nationwide mapping of some of the core performance measures and statistics made available by Jobcentre Plus (formerly Employment Service) in order to identify regional and local variations in New Deal outcomes, and these results are mainly presented in Chapters 3 and 4. In addition the book draws on a more intensive approach of five case study Units of Delivery (UoDs), selected to provide areas with contrasting labour market characteristics and also to ensure a north-south representation. A 'top-down' approach consisting of five key stages was adopted for each of these five UoDs (Birmingham, Cambridge, Camden/Islington, Edinburgh, North Tyneside).

First, semi-structured interviews, and occasionally small-group meetings, were carried out with the relevant regional managers in the Employment Service. The interviews covered issues such as the nature of the regional labour market (both in terms of supply and demand), the institutional set-up and spatial boundaries of New Deal delivery units, and managers' perceptions of programme implementation and the performance at a regional level.

Second, semi-structured interviews were carried out with district-level managers and addressed issues relating to the size, make-up and management of the New Deal 'strategic partnership', the meaning of local Delivery Plans, the state of local vacancies, the nature of the client group and internal management operations (such as marketing strategies, caseloads, and performance targets). In each of the five offices, two New Deal personal advisers were interviewed to explore their local labour market

knowledge, personal case management practices, perceptions of clients' expectations and the obstacles faced when trying to direct their clients to employment and training opportunities.

Third, strategic partners from private, voluntary and public sectors were identified and contacted, and interviews arranged with an average of five partners in each UoD. Respondents included representatives from statutory agencies such as the former Training and Enterprise Councils, local and regional development agencies, regional colleges, local authorities, the TUC, and voluntary sector and grass-root organisations. The issues discussed with the partners included their perceptions of the local labour market, their role within the strategic partnership and their relationship to other partners and, especially, to the Employment Service.

Fourth, local employers listed as involved in the NDYP were contacted. Many of these employers reported that they had not taken on New Dealers despite having signed up, and in many instances, particularly in large organisations, it was difficult to track the person within the company who had originally signed the agreement. Several employers were reluctant to take part in the survey, so that the pool of participating employers was narrowed. On average, 18 employers representing a variety of sectors of activity, sizes and length of operation were interviewed in each of the five case study UoDs. This small-scale survey of employers was based on structured interviews providing quantitative data (relating mainly to New Dealers' earnings and hours of work) and qualitative information (New Dealers' employability and work attitudes, and relationship to colleagues). The employers interviewed included public, private and voluntary sector employers who were at various stages of involvement. The respondents were proprietors, general managers, company directors or human resources/personnel managers. Further, three non-participating employers were also interviewed in order to explore the reasons for non-involvement, particularly in buoyant local labour markets where numbers of young people on the subsidised employment option were comparatively low. Additionally, 15 large UK employers responded to a postal questionnaire, but the number of respondents was obviously too small to allow for statistical analysis. However, we utilised the responses to supplement the qualitative information obtained through the structured interviews. But the quantitative analysis presented in Chapter 5 is restricted to the 91 employers who participated in the main survey and who reported that they had recruited young people through New Deal.

Finally, informal interviews were held with 20 young people who had taken part in New Deal in the case study areas. The issues discussed with New Deal participants included their experiences in the programme and their perceptions of local labour market opportunities and expectations. In total 216 individual respondents were interviewed as part of the project.

This book presents the main results of this project as well as subsequent and supplementary research. It argues that the NDYP represents a nationally specific and hybrid form of workfare that has shown distinctive institutional and labour market geographies. It tries to evaluate whether and to what extent it has adequately responded to the unevenness and diversity in local labour market conditions and governance; whether and to what extent it can be said to have met its targets in different types of local economy. The following chapter sets the scene by examining the local geography of worklessness and unemployment, including those labour market problems that the programme was designed to tackle. It explains some of the interactions between demand and supply-side processes underlying this geography. Chapter 3 examines the geography of the programme's core outcomes across the country and highlights some of the most important dimensions of variations in its performance. Chapter 4 discusses the local workings of the programme in selected case study areas in more detail. It explains how the programme encountered different local problems, including different types of low employability. Chapter 5 then turns to the provision of training and the work experience obtained via subsidised employment. It develops a typology of different types of employers involved in the programme and discusses how this related to local labour market conditions. Chapter 6 considers the degree of local decentralisation and autonomy actually implemented under the NDYP and comments on current promises to extend the local flexibility of the programme. Chapter 7 concludes by discussing the normative challenge posed to the welfare-to-work paradigm by significant geographical variations in labour market opportunity and outlines some of the ways in which welfare-to-work could be improved in order to cope better with difficult local economic conditions.