

Business versus Families: Whose Side is New Labour on?

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In its proposals for achieving a better 'work–life balance' for Britain's working families, the New Labour government is also seeking to balance the interests of business against the needs of families. This article argues that the economic policy 'trilemma' resulting from economic globalisation is mirrored in a parallel family policy trilemma, with particular consequences for the poorest families. Drawing upon this argument and, partly, upon illustrative evidence from a small-scale qualitative study of low-income working families, it is suggested that promoting family friendly employment alongside a policy of welfare-to-work cannot reasonably be achieved without significant additional regulation of low-paying employers.

In December 2000 Britain's New Labour government issued a Green Paper, 'Work and Parents: Competitiveness and choice' (DTI, 2000a), containing a range of proposals relating to maternity, paternity and parental leave, and to the role of employers and the state in promoting 'work–life balance'. Some of the options canvassed are to be welcomed, but the proposals represent a compromise between the interests of business and the needs of families.

The Green Paper acknowledges in passing that, when it comes to enabling employees to combine paid work and family responsibilities, 'best practice is unlikely to permeate the whole economy and frequently does not reach the lowest paid' (DTI, 2000a: 6). It also asserts that in households where children live in poverty 'the mother's earnings can be the key route to escape from that poverty' (ibid.: 9). Thereafter, however, the document does not attempt to link the government's desire to promote 'family-friendly' employment with its stated aim of ending child poverty (DSS, 1999).

This article will argue that – when taken together – the 'business agenda'¹ and New Labour's supply side policies, have particular implications for low-income families. It will examine the global context of labour market reforms and parallel changes in family policy, before drawing upon recent research on the particular experiences of low-income families and suggesting that there appears to be a fundamental tension between the maintenance of a low-wage economy and the possibility of redressing family poverty.

The global context of labour market reform

There is already an extensive literature upon the consequences of economic globalisation for national labour markets and for social policy across the developed world (e.g., Esping-Andersen, 1996; Deacon, Hulse and Stubbs, 1997; Jordan, 1998; Held *et al.*,

1999; Scharpf and Schmidt, 2000). These consequences are generally understood in terms of a polarisation of labour markets and a decline in the capacity of nation states to sustain protective welfare regimes. Each of these consequences has implications for families and household structures, which have at the same time been subject to major social and demographic change (Gittins, 1993; Beck and Beck-Gernsheim, 1995; Fox-Harding, 1996).

Turning first to labour market polarisation, this is a process driven partly by the disparity between the accelerating mobility of capital compared with the relative immobility of labour, a trend that has not only weakened the power of labour, but made it necessary for nation states to compete for inward investment on the basis of the quality of their skilled workers, on the one hand, and the cheapness of their unskilled workers, on the other. It is also driven by the spread of new technologies – including information and communication technologies – that have revolutionised the process and management of economic production, distribution and exchange, and compounded the divide between skilled and unskilled workers. Finally, the process is accentuated by the effects of prosperity itself and the force of Engel's law, which holds that as productivity increases so will the quantity of services consumed: formal labour markets in developed countries not only contribute to the production of goods, and financial and business services for global markets, they provide rising levels of relatively unskilled services for domestic markets, including the performance of social reproductive and provisioning functions previously performed informally within the household economy (see Jordan, 1998).

Characteristically, therefore, labour markets become polarised between a technically skilled, well-remunerated and secure 'core' of insider jobs and a relatively poorly skilled, low-paid and vulnerable 'periphery' of outsider jobs. The distinction is captured within popular vernacular as that between 'career jobs' and 'crap jobs' (Lloyd, 1999). The economic imperative for both labour market segments is flexibility. However, flexibility means something quite different in relation to core jobs than to peripheral jobs. For the former, flexibility means adaptability and the capacity of workers continually to update or renew their skills in response to employers' demands. For the latter, flexibility relates more to time than to skills (cf. Hewitt, 1993) and to the capacity of employers to hire and fire according to the willingness of workers to accommodate to working patterns dictated by market forces. Competitiveness in peripheral labour markets depends not just upon low wage levels, but also upon the flexible deployment of a minimum quantity of labour power. In a post-Fordist economy flexibility comes not from maintaining a margin of slack within establishment levels (once called 'over-manning'), but from the capacity to bring in workers or lay them off at short notice: the cost of flexibility passes from the employer to the employee.

Turning to the alleged decline of the welfare state, the conundrum faced by welfare regimes has been characterised as a 'trilemma' (Iverson and Wren, 1998): how is it possible to minimise wage inequalities, while sustaining economic competitiveness in the face of global economic pressures, yet still keep public finances in balance? Different welfare regimes have responded differently, but in general one of the consequences has been that the costs of social protection have been shifting quite decisively from capital to labour (OECD, 1997). The shift does not simply arise because of the technical difficulties of levying corporate taxes in the age of transnational capital, but more fundamentally because of the growing structural power of capital (Gough with Farnsworth, 2000). Neo-liberal regimes responded by tolerating wage inequality, while minimising labour market

regulation and tightening monetary control. To the extent that the power of capital can be measured, Gough and Farnsworth have demonstrated that in the last part of the twentieth century the UK stood out as a country in which that power was not checked, but in most respects grew faster and further than in other developed countries.

This was the legacy faced by the New Labour government in 1997. Its response was not to switch to a social democratic strategy, but to seek a 'Third Way' (Giddens, 1998; and, for a critique, see Powell, 1999) by which it hoped at least to minimise inequality and to maximise opportunity and employability within the labour market, while adhering nonetheless to 'prudence' in public spending. The assault on wage inequality entailed the introduction of a national minimum wage (NMW), albeit at a level well beneath the European 'decency threshold', and an enhanced form of in-work cash benefit, the working families tax credit (WFTC). Though the NMW was loudly resisted by business, it is clear that its introduction has in no way harmed the economy (DTI, 2000b). In so far that the WFTC provides a direct subsidy to low-paying businesses, it works directly to their advantage. However, New Labour's flagship labour market policy was 'welfare-to-work', a policy that was not only concerned with 'rebuilding welfare around the work ethic' (DSS, 1998: 3), but redefining the objective of full employment in terms of 'employment opportunity for all' (Treasury, 2000: chapter 4). Central to welfare-to-work have been the New Deals, programmes directed to specific groups – including lone parents and the partners of unemployed people – in a bid to encourage and support them into the labour market. Alongside this commitment to 'work for those that can', is a commitment to increased spending on education and training and the promotion of 'life long learning'. Nonetheless, in so far that this is a policy to promote labour force participation, it will not of itself create permanent jobs or necessarily enhance the quality of the labour force, so much as stimulate labour supply and fuel competition for low-paid/low-skilled 'peripheral' jobs: an effect to which business can hardly object. Though welfare-to-work has been proclaimed at least a modest success (e.g. Millar, 2000), there is as yet little evidence that social inequalities are decreasing (Gordon *et al.*, 2000).

Changes in family policy

The developments outlined are reflected in changes in the nature of family life and in family related social policy. Just as labour markets became polarised, so too have families. And, just as labour markets present policy makers with a 'trilemma', so too does 'the family' as a policy construct.

Polarisation has been occurring between work rich and work poor households (Pahl, 1984; Gregg and Wadsworth, 1995) or between dual-earner and no-earner households. This is related partly to secular changes in processes of household formation and reformation as marriage has declined, cohabitation rates have increased and new kinds of family formation have become commonplace. It also relates to changes in the labour market: it is not simply that women's participation in the labour market increased dramatically in the last half of the twentieth century, but that the peripheral segment of a flexible labour market presupposes the existence of dual-earner households. The post-Second World War welfare settlement famously presupposed the existence of a male breadwinner household (Lewis, 1992; Land, 1999), in which husbands earned family wages sufficient to support non-working wives and dependent children. Not only is this kind of patriarchal familial form no longer universally socially acceptable, it would –

other things being equal – be economically unviable for families that have access only to ‘peripheral’, rather than ‘core’ jobs. Families have been adapting to capital’s functional requirement for cheap and flexible labour.

The policy maker’s trilemma is this: how is it possible to sustain functional families, while maximising labour force participation, yet minimise social spending? Conservative governments of the 1980s and 1990s were prepared to sacrifice labour force participation in order to preserve the ‘traditional’ family, while seeking to ‘transfer power and responsibility wherever appropriate from the state to the family’ (Bottomley, 1994). New Labour’s approach to supporting families (Home Office, 1998) pays more heed to the diversity of family forms, but is committed – by implication – to replacing the male breadwinner household model with what Lewis (2000) has defined as an adult worker model. Welfare-to-work is ostensibly calculated to encourage every person of working age to engage with the labour market. Lewis herself is at pains to point out that just as the male breadwinner model was something of a myth, so too is the adult worker model: in practice, most two-parent families are – more or less – one-and-a-half earner households, not least because of the increasing number of part-time jobs in the economy, most of which are held by women. What is more, as Land (1999) points out, WFTC by enabling men with limited earning power to support a non-working wife and children could perversely re-establish the male breadwinner model among certain low-income households. Despite this, the principal thrust of New Labour’s policy is to promote the idea that all parents should be able to combine paid work and family life: the intention is to maximise labour force participation and minimise state welfare dependency, and if at all possible to secure the co-operation of employers in securing these ends.

This is to be achieved, in part, by some of the reforms already outlined. The NMW and WFTC are intended to ‘make work pay’ (DSS, 1998). The New Deals are intended to assist or indeed to compel people to engage with the labour market. These policies are supplemented by two other initiatives: the National Childcare Strategy (NCS) and the drive to promote ‘family friendly’ employment (to which the abovementioned Green Paper is the latest contribution). The NCS entails, on the one hand, the provision with WFTC of childcare tax credits (CTCs) that will meet part of the costs of registered childcare for working parents and, on the other, a raft of measures intended to increase the provision of childcare through funding for after-school clubs and the creation across the country of childcare partnerships involving local authorities, the voluntary and commercial sectors. The impact of the NCS to date has been modest: the number of children aged 0–8 per registered childcare place declined from 7.5 in 1999 to 6.9 in 2000 (Daycare Trust, 2000). However, additional future funding for the creation of childcare places has been promised (Treasury, 2000).

Legislation to promote ‘family friendly’ employment under New Labour has to date extended little further than was minimally necessary to comply with EU directives on working hours, parental leave and part-time working. Beyond this the government had sought merely to encourage employers through its Work–Life Balance Campaign to explore, disseminate and adopt best practice. However, in March 2000 the government set up a Ministerial Review Group ‘to review the steps needed to make sure that parents have choices to help them balance the needs of their work and their children, so that they may contribute fully to the competitiveness and productivity of the modern economy’ (DTI, 2000a: 63). In weighing the competitiveness of business against the choice available to families, the Green Paper starts from the premise that ‘Flexibility is

the key' (ibid.: 10). When it comes to flexibility, the needs of capital are not the same as the needs of labour. What is more, as we have seen, flexibility means different things for different labour market segments.

The experiences of low-income families

With this in mind I shall briefly turn to the findings of a small-scale qualitative study involving interviews with 47 low-income working families in south-east England.² Although this was conducted at the time that WFTC was being introduced, its purpose was not to assess the impact of any particular policy change so much as to draw additional insights into the nature of the environment into which the changes described were being introduced. The sample contained a mixture of two-parent and lone-parent families with varying numbers of children and children of different ages. Respondents were employed in a variety of occupations (including junior professional/managerial, routine non-manual and both skilled and unskilled manual jobs) and sectors (including small and large businesses and both the private and public sectors). The interviews explored the perceptions and strategies of the families in relation to the total package of resources upon which they depended and the combination of domestic, formal and informal work which they undertook. Additionally, interviews were conducted with six of the respondents' employers.

The range of issues that could be directly addressed through our interviews was inevitably narrower than the focus of this article and more detailed accounts of the findings may be found elsewhere (Dean and Shah, 2000; Dean, 2001). In essence, however, it emerged that hardly any of the families were fully in command of their day-to-day survival strategies. A few could call on income from informal sources and some on practical support through social networks, but in-work benefits were important to their survival, even though the gains they provided were often off-set by reductions in other means-tested benefits (like housing benefit), and a shortage of affordable childcare often meant the families could not benefit from the new CTCs. Welfare-to-work policies are increasing the pressure on mothers in particular to go to work, but for lone mothers and partnered mothers alike there can be considerable countervailing pressures associated with (re-)entering the labour market: not only practical pressures, but moral pressures. There are other messages from government about the importance of parental responsibility (such as the introduction of the Sure Start programme and the creation of a National Family and Parenting Institute) and many mothers in any event give priority to their role as parents (cf. Duncan and Edwards, 1999). Despite this, and although they were generally ignorant as to the details of government policy, respondents were by and large both aware and supportive of the intention that parents, including mothers, should where possible seek paid employment.

For the purposes of this article, however, the most striking of the pressures faced by families in our sample stemmed from their vulnerability in the face of a precarious low-wage labour market. It appeared, particularly among those working for small local employers, that parents were prepared to accept low wages and to demonstrate considerable loyalty in return for a very modest degree of flexibility in working arrangements. Additionally, some felt extremely insecure about the extent to which they were competing for low-paid work with other potentially excluded workers, including (in at least one instance) illegal or undocumented workers, and this deterred them from

asking for time off or for changes to their working hours, even when they were entitled to do so.

Larger employers had ostensibly well-developed 'family-friendly' employment policies, but it emerged, firstly, that these were not necessarily well implemented at a local or operational level and, secondly, that they were more likely to benefit higher-paid than low-paid workers. On the one hand, responsibility for implementing policies was usually devolved to local managers and often a 'macho' working culture sustained itself in spite of policy directives: some mothers reported having to leave or change jobs because of unaccommodating managerial attitudes. On the other hand, employers emphasised the importance of the 'business case' for work-life balance measures – not only in policy terms, but also on a case-by-case basis. Inevitably therefore, they were more inclined to offer parental leave or childcare subsidies to valuable highly skilled workers than to expendable low-skilled workers.

Work-life balance and the 'business case'

All of this tends to confirm that while the extension of 'family-friendly' employment is already beginning to happen as far as 'core' workers are concerned, there may be fundamental problems extending it to 'peripheral' workers. This is not addressed in the Green Paper.

Whereas past Green Papers from New Labour have been 'promotional' rather than 'dialogical' in tone (Fairclough, 2000) this document presents its main proposals as policy options upon which opinions are sought. The general thrust suggests that, if they were returned for a second term of government, New Labour would make some modest but welcome improvements to statutory maternity pay (SMP), introduce a limited form of statutory paternity pay (SPP) and provide for an extension of unpaid maternity leave – possibly with provision for this to be shared between mothers and fathers. There would be no immediate enhancement of parental leave (i.e. leave not taken at the time of or immediately following the birth of a child), which would remain unpaid, despite overwhelming evidence that fathers in particular are unlikely to take leave on such terms. There may be legislation to clarify the rights of mothers – and possibly fathers – to work reduced hours following the birth of a child. The more extensive of the options under consideration, though by no means inconsiderable, are hardly radical. If implemented in full the proposals would result in a level of help and protection for parents at work that would not only be less than those available in classic Nordic and Bismarkian welfare regimes, but worse even than in some Southern European countries, like Spain (e.g. Burkitt, 2000).

The document argues that indeed there is a business case for making sure that the skills of women, when they have children, are not lost to employers and to the economy. Nonetheless there is a certain timidity about the manner in which the case is demonstrated. For example, the document expresses a reluctance to legislate because of a fear that statutory regulation might 'undermine best practice or stifle innovation' (DTI, 2000: 6). It explores the options for exempting small employers from the effects of any legislation, notwithstanding that it is small employers that dominate the most 'peripheral' extremities of the labour market. It proposes that employers should be exempted from any provisions allowing parents to work reduced hours if they can establish not

necessarily that such an arrangement would be impracticable, but merely that it might in some way harm the business.

It is hard to avoid the conclusion that the government is inclined to put the interests of business above the needs of low-income families. When women who lack skills have children there is no business case to be made for employers to seek to retain them. For employers offering 'peripheral' low-skilled service sector jobs there is no business case to be made for promoting work-life balance. If the state is not prepared in such circumstances to override the business case, they cannot ensure that employers will accord rights to those working parents who have little choice but to take low-wage employment.

Conclusion

The government's approach to the family policy trilemma may simply not be compatible with its approach to the employment policy trilemma and the maintenance of a low-wage economy. Promoting family-friendly employment alongside welfare-to-work would certainly make sense as a strategy for sustaining families, promoting employment and minimising welfare spending, but not in the context of an economy that tolerates or even depends upon a dual labour market as a means to maintain growth and fiscal stability. The New Labour government, in fairness, has been doing much to increase the level of support that is available for children in the poorest families, not only through benefits such as WFTC, but through significant increases in child benefit and income support children's allowances (e.g. Barnes, 2000). However, although such measures will alleviate the effects of social inequality, they do not address the structural consequences of a low-wage economy. On the contrary, welfare-to-work increases competition for low-skilled jobs and potentially fuels the exploitation and vulnerability of low-paid working parents. Making it possible for parents decently to combine paid employment and family life means adopting an approach to labour market policy that places unequivocal social obligations on business.

Notes

1 It must be borne in mind that terms such as 'business agenda', though they are widely deployed in political discourse, signify a complex and multi-faceted construct that conflates, as I shall demonstrate, the competing interests of, for example, low- and high-paying businesses; small employers and multinational corporations; labour-intensive service providers and hi-tech manufacturers.

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