

# Taking responsibility: a fair welfare contract

Stuart White and Graeme Cooke



Note: this is the second chapter of an ippr report *It's all about you: citizen-centred welfare*, edited by Jim Bennett and Graeme Cooke, to be published in September 2007. The full report will be available to download free from the ippr website at [www.ippr.org/publicationsandreports](http://www.ippr.org/publicationsandreports). Other extracted chapters will also be available to download at this location.

## Acknowledgements

We would like to thank our project partners without whom this project would not have been possible. They are A4e, PricewaterhouseCoopers, Scottish Widows and Shaw Trust.

## Contents

About ippr .....	2
Introduction .....	3
What makes a welfare contract fair? .....	3
Is there fair reciprocity in the welfare system? .....	5
The responsibilities of individuals.....	7
The responsibilities of the state .....	10
The responsibilities of civil society .....	12
Conclusion: next steps in rights and responsibilities.....	14
References .....	16

# About ippr

The Institute for Public Policy Research is the UK's leading progressive think tank, producing cutting-edge research and innovative policy ideas for a just, democratic and sustainable world.

Since 1988, we have been at the forefront of progressive debate and policymaking in the UK. Through our independent research and analysis we define new agendas for change and provide practical solutions to challenges across the full range of public policy issues.

With offices in both London and Newcastle, we ensure our outlook is as broad-based as possible, while our international and migration teams and climate change programme extend our partnerships and influence beyond the UK, giving us a truly world-class reputation for high quality research.

## Trustees

Mr Chris Powell *Chairman*

Mr Jeremy Hardie *Treasurer*

Dame Jane Roberts *Secretary*

Professor the Lord Kumar Bhattacharyya

Lord Brooke of Alverthorpe

Lord Eatwell of Stratton St Margaret

Lord Gavron of Highgate

Lord Hollick of Notting Hill

Professor Jane Humphries

Professor Roger Jowell

Lord Kinnock of Bedwellty

Ms Frances O'Grady

Ms Carey Oppenheim

Ms Kate Parminter

Dr Chai Patel

Sir Michael Perry

Mr David Pitt-Watson

Mr Dave Prentis

Lord Puttnam of Queensgate

Lord Rees of Ludlow

Baroness Williams of Crosby

Baroness Young of Old Scone

## Introduction

The concept of ‘rights and responsibilities’ is now firmly entrenched in debates about welfare policy and is most obviously associated with arguments about benefit conditionality<sup>1</sup>. However, habitual use of this concept risks obscuring the complex and contested set of ideas on which it draws. The idea of ‘balancing rights with responsibilities’ or ‘everyone meeting their responsibilities’ is unsurprisingly popular. But this rhetoric is used to justify a range of quite different philosophical ideas and policy positions. Gordon Brown has argued that Labour has not done enough in government to make explicit the link between rights and responsibilities (Brown 2006), while David Cameron suggests that ‘social responsibility’ is now the Conservative Party’s defining idea (Cameron 2007). However, there are important differences in the way Brown and Cameron conceive of responsibilities in the good society, not least what these responsibilities are and with whom they reside. Without a closer interrogation of the claims that underpin the concept of rights and responsibilities, this potentially potent idea loses focus and meaning, obfuscating the political purposes of those who use it.

As the discussion of fairness in Chapter 1 explored, our shared responsibilities to one another are the essence of social democracy. Therefore, in the context of welfare policy, it is important to think through the terms of a progressive conception of rights and responsibilities – including what it would mean for our society to be animated by such principles. If we accept that citizens have certain civic responsibilities, which can legitimately be enforced, we need to be clear about the corresponding roles and responsibilities of both the state and civil society, on which such citizen obligations depend. Only by exploring these basic questions, and understanding rights and responsibilities as a *system performed across society*, can we get a sense of what a fair welfare contract might look like – and what it would take to achieve one.

We begin by considering the different terms in which we might think about a fair welfare contract, and what we consider to be the best interpretation of them. We then go on to explore what sort of responsibilities individuals, the state and civil society can plausibly be said to have under a fair welfare contract, before offering some thoughts on what this means in practice.

### What makes a welfare contract fair?

We need to start with an elementary question: why should we think of welfare through the lens of a ‘contract’ involving rights and responsibilities at all? What injustice would there be, for example, in simply paying benefits to people who need them, with no questions asked? One response appeals to the value of reciprocity. A just society, the argument goes, is a society in which all citizens contribute their share to generating the economic and social ‘goods’ that people need. It is unfair for some to live off the contributions of others, making none of their own, if they have the capacity and opportunity to do so. As the philosopher John Rawls put it, in a just society ‘all citizens are to do their part in society’s cooperative work’ (Rawls 2001: 179). This expresses the powerful idea that society ought to be, in some sense, a cooperative scheme for mutual advantage. This principle of reciprocity is by no means an essentially conservative one: in fact it captures a deep strain of socialist and progressive thought (White 2003). Understood in this way, paying benefits with no strings attached seems unfair because it allows individuals to share in the product of social cooperation without making a reciprocal contribution to producing it.

---

1. This is the idea that receipt of certain financial support by citizens from the state is ‘conditional’ on certain behaviours, usually steps towards gaining paid employment. The language of rights and responsibilities is also deployed to justify a variety of other contractarian policy approaches.

## 4 Citizen-centred welfare | Taking responsibility: a fair welfare contract

Does it then follow that individuals have a duty to contribute, say through work, a duty that society may and should enforce, regardless of the character of that society? Emphatically not. Consider the moral position of those living in a society with slavery. Slaves, surely, do not have a duty of economic contribution to their society. This extreme example illustrates that we cannot separate the question of what reciprocal obligations individuals owe from the issue of how society's institutions treat them in return. Therefore we must clarify the principles of what we may call *fair reciprocity* (White 2000, 2003).

### **Fair opportunity: citizens must have a fair level of economic opportunity**

This means having the chance to do things like set up a business, get an education and work in a job of one's choice. What constitutes a 'fair' level of opportunity depends on one's wider conception of social justice. On a so-called 'weak meritocrat' view, fair opportunity requires the absence of active discrimination (White 2006, Marshall and Swift 1997). An alternative 'strong meritocrat' view requires that the community does something about structural inequalities in education and wealth, which restrict people's access to opportunities. The 'strong meritocrat' view converges with John Rawls's idea that in a just society two individuals with the same underlying ability and motivation should have the same chance to realistically aspire to jobs regardless of their social background (Rawls 1971/1999).

### **Fair reward: the structure of rewards for economic contributions must be fair**

From a conservative perspective, pay levels determined through market competition for labour are largely fair. However, from an egalitarian point of view, such rewards, which inherently tend towards considerable inequalities, are to some extent undeserved, even under conditions of strong meritocracy. This is because they are partly based on differences in ability, which are to some extent a matter of morally arbitrary 'brute luck'<sup>2</sup>. An egalitarian will therefore look to the tax and benefit system to even out some of this market inequality. One influential idea here is Rawls's difference principle: that inequality is justifiable only so far as it works to maximize the net rewards of the least rewarded group<sup>3</sup>.

### **Universality: contributions must be expected and enforced from all who have the capacity to meet them**

To deny that the reciprocity principle applies to all is to say that some citizens are entitled to a privileged place in the social order – a denial of citizens' basic moral equality. However, the implications of this are potentially radical. Much depends on what we consider to count as a 'contribution'. For example, if someone inherits a large fortune and then lives off this wealth, without ever working, what personal economic contribution are they making? Are they satisfying the reciprocity principle, or using their inheritance to enjoy what we might call a 'capitalistic free-ride'? A striking feature of current discussions about responsibility shirkers and free-riding is that they focus almost entirely on welfare recipients. If we look back to social liberal and democratic socialist thinking from the early twentieth century we find a lively debate about the way capitalistic property rights can be used to enjoy the economic benefits of social cooperation without the reciprocity principle being satisfied.

### **Diversity: society must be sensitive to the full range of economic contributions that citizens can make**

What are the different ways that citizens can satisfy their reciprocal obligation to contribute to the collective work of society? In practice, this question largely revolves around the status of unpaid care work, for children or other family members, and whether this counts as a contribution. Conservative social

---

2. For classic expositions of this point see Rawls 1971/1999, Dworkin 1985, Cohen 1989.

3. Rawls's difference principle covers a broader range of social goods than simply labour income.

policy thinkers, such as US academic Lawrence Mead, have suggested that care work typically lacks the clear accountability for performance which is a prerequisite for collectively validated contributions (Mead 2005). However, others have argued that unpaid care work represents such a vital aspect of social reproduction – underpinning the operation of the paid labour market – that it should be given proper public acknowledgement and support (White 2003, White and Gardner 2000, Pateman 2005, Beem 2005).

Drawing together these four constituent elements, we can see that there are a range of different, more specific conceptions of fair reciprocity. Table 2.1 summarises broadly ‘conservative’ and ‘progressive’ interpretations, between which there is a spectrum of possibilities.

**Table 2.1: Conservative and progressive views of fair reciprocity**

	Conservative view	Progressive view
Fair opportunity	Weak meritocracy	Strong meritocracy
Fair reward	Largely market-determined	Rawlsian difference principle
Universality	Capitalistic free-riding not a major concern	Capitalistic free-riding is potentially a problem
Diversity	Care work does not count as a contribution	Care work should count as a contribution

This matrix provides a context for approaching the contemporary debate about rights and responsibilities in welfare. Given that the rhetoric of rights and responsibilities is used across the ideological spectrum, it helps us to ask: what assumptions about social justice and fair reciprocity underpin different welfare policies? What responsibilities are they suggesting are legitimate to expect of individuals, and what obligations are they placing on the institutions of state and civil society? Given the nature of our society, are these likely to make the welfare contract more or less fair?

### **Is there fair reciprocity in the welfare system?**

Before turning to what the responsibilities of citizens, the state and civil society actors might be under a fair welfare contract, it is worth making some comments about how far our society meets the demands of fair reciprocity, as described above. If we take the equal moral worth of all citizens seriously, we believe that only the progressive conception of fair reciprocity is capable of capturing the demands of justice (White 2003). The aim here is not to provide a comprehensive audit, but to demonstrate the umbilical cord between the justice of society and the legitimate nature of any ‘rights and responsibilities’ agenda.

#### **Fair opportunity**

It is palpably not the case that two individuals with the same underlying ability and motivation have an equal opportunity to realise their potential and aspirations. Strong and enduring social class differences in educational attainment suggest that society is some distance from satisfying the ideal of strong meritocracy (Brooks and Tough 2006, DfES 2006). Class inequalities in cognitive development are evident even before children start school (Feinstein 2003). There is also a tendency for children from higher socio-economic backgrounds who initially perform less well on cognitive tests to overtake those from lower socio-economic backgrounds who initially perform better (ibid).

## 6 Citizen-centred welfare | Taking responsibility: a fair welfare contract

Even controlling for subsequent educational attainment, it seems that individuals born into higher social classes are more likely to end up remaining there than be replaced by high performing children from lower socio-economic backgrounds (Goldthorpe 2003). There is also a clear class profile to the likelihood and size of financial inheritance (Dixon and Paxton 2005, Rowlingson and McKay 2004). Further, there is evidence that social mobility, measured by the association between the income of parents and their grown-up offspring, decreased between children born in 1958 and those born in 1970 (Blandon et al 2004). Narrowing the attainment gap is now an explicit objective of this government, and the Childcare Act 2006 legislated for a reduction of inequalities in children's outcomes, but there is clearly still a long way to go.

### **Fair reward**

Quiet redistribution over the last decade means that the tax and benefit system is now working far harder to reduce the income gap between rich and poor (Jones 2007). However, the impact of this has been constrained by growing inequality in labour market rewards, driven particularly by those at the very top, and the regressive nature of the overall tax system, where the poorest pay the biggest proportion of their income (Jones 2007). This situation does not embody Rawls's difference principle and it is hard to see how such unequal rewards for people at work – contributing to high levels of income and wealth inequality – can be justified (Hills 2004). It can be argued that some inequality in labour market income reflects reasonable differences in talent and motivation, while providing incentives that promote economic growth. However, research suggests there is little or no relationship between inequality and growth in advanced capitalist countries (Kenworthy 2004). In fact, unequal societies seem to be characterised by lower levels of the kind of social trust and cooperation that underpin reciprocal social arrangements (Wilkinson 2005).

### **Universality**

The key question here is whether obligations are expected of all and enforced on all. Some citizens engaged in the welfare system are subject to rule-based responsibilities, such as a requirement to actively seek work. However, it is not immediately clear that such obligations are consistently enforced. For example, one study found that personal safety fears play a significant role in whether JobCentre Plus officials administer benefit sanctions (Considine 2001). Beyond this, the conditionality regime itself is arbitrary: driven by the particular benefit people are receiving, rather than their individual needs and capabilities. The conditions placed on receipt of each of the main out-of-work benefits – Jobseeker's Allowance (JSA), Income Support (IS) and Incapacity Benefit (IB) – range from very strict to none at all.

However, there are likely to be as many differences *within* these categories as between them. Reasonable labour market expectations for a lone parent with high skills, a previous employment history and a primary-school-aged child might be quite different from a lone parent who has never worked but has three children of various ages, one with a disability. The difference between two such people cannot be reduced simply to the age of their youngest child. There is also a plurality of capabilities and constraints within the spectrum of JSA, IS and IB claimants. For example, some JSA claimants, even those deemed medically able to work, may face greater barriers to employment, from low skills, debt or addiction problems, than some IB claimants who might need relatively little support to prosper in an appropriate job. However, policy debate is dominated by which *categories* of people should be subject to conditionality, such as the current spotlight on when it should be applied to lone parents (Freud 2007).

A more sophisticated debate would focus on more important questions like:

- What are people being expected to do?
- Who has the power to decide what these expectations are?
- Are they reasonable and helpful for them given their circumstances?
- What reciprocal support are other actors and institutions offering?
- What are the consequences if they default?

In thinking about the universality of contributions, we also need to consider the role of what RH Tawney called 'functionless property', which enables its holder to claim a share of the social product without necessarily making any contribution in return (Tawney 1920/1948). Large amounts of inherited wealth or unearned increases in asset values<sup>4</sup> enable some people to gain from the social product with few requirements for a reciprocal contribution.

### **Diversity**

The treatment of unpaid care work within the welfare system is confusing and fluid. As the recent Freud Review pointed out, the UK is relatively liberal in the way it places very few expectations on lone parents to actively look for work until their youngest child is 16, though this may be about to change (Freud 2007). However, it is far from clear whether the current regime reflects a conscious perspective that lone parents' care work is considered a legitimate contribution to the collective work of society. Indeed, the outlook underpinning arguments for increasing the work search requirements for lone parents suggests the opposite is true.

Beyond benefit conditionality, the government has taken steps to recognise the contributive status of care work: extending rights to maternity leave and pay, establishing statutory paternity leave and pay and introducing flexible working rights to enable parents to care for their children. Also, reforms to the contributory system for the state pension will mean that paid work and care work will both accrue entitlements on an equal footing (DWP 2006). However, public policy lacks a clear view about the relative value of care work and paid work contributions, or about how public policy should respond to integrating our individual and collective need for both (Lewis and Guillari 2005).

From a progressive perspective, it would seem that British society does not fully satisfy the opportunity, reward, universality and diversity conditions of fair reciprocity. Drawing together this practical context with our philosophical principles about a fair welfare contract, we now consider the appropriate distribution of rights and responsibilities across a modern welfare system.

### **The responsibilities of individuals**

The first and most obvious responsibility held by (working age) individuals is to make a reasonable economic contribution, given their circumstances and capabilities. This is most often associated with a responsibility to undertake paid labour in the formal economy, or take active steps towards doing so<sup>5</sup>. The idea here is not that each person should necessarily make a contribution equivalent to the value of the goods and services they consume. Beyond its practical difficulties, insisting on this would be unfair given that people's ability to make valuable contributions is to some extent a morally arbitrary matter of brute

---

4. Such as from a general rise in house prices unrelated to specific improvements made by the owner.

5. Clearly there are some people for whom paid work is not possible or expected now or at any time in the future, due to a health condition or disability.

## 8 Citizen-centred welfare | Taking responsibility: a fair welfare contract

luck. Instead, the idea is that citizens have a duty to make a reasonable contribution given their natural endowments.

However, a person's ability to make a contribution is by no means wholly fixed by accidents of nature or social background. People can, and of course do, make investments in their own human capital which serve to increase their contributive potential. The responsibilities of individuals then can be understood as including reasonable efforts to cultivate one's potential. For example, if established skills become obsolete due to economic change, then there is arguably a responsibility for individuals – supported by other social actors and institutions – to develop new skills through the investment of time and energy. We can also think of individuals having a responsibility to make a reasonable contribution towards their own welfare provision. Given the context of demographic change, this most obviously applies to pensions, where the new 'opt out' National Pensions Saving Scheme will provide opportunities and incentives for people to save for their own retirement (DWP 2006). It is important to remember that people's capacity to contribute will often shift over the course of their lifecycle, for instance as their age or family circumstances change.

Given our understanding of fair reciprocity, these responsibilities express a demand of justice. Therefore, there is a case for enforcing them, at least so far as this does not endanger other justice-related objectives. There is strong evidence that demonstrating reciprocity is an important part of maintaining support for welfare benefits (Taylor-Gooby 2005). One study found that 78 per cent of people believe it is right to condition unemployment benefit on taking active steps towards work (Sefton 2005). Over the last two decades conditions such as active job search and participation in employment programmes have been applied to claimants of Jobseeker's Allowance<sup>6</sup>. While this has been justified by an appeal to 'rights and responsibilities', it is far from clear whether this adds up to a coherent system of fair reciprocity.

We might also think that the principles of fair reciprocity require that the responsibilities of individuals go beyond paid employment or actively seeking work. For example, do parents not have a responsibility to support (or at least not scupper) the state in its efforts to educate children – so as to ensure their fair economic opportunity? If it is at least theoretically possible to think of parenting as a responsibility both to individual children and society at large, aspects of which the community could be justified in enforcing, then we must also consider its claims as a valid form of contribution. This immediately raises the question of how to weigh the contribution of parenting (or for that matter other unpaid care work) against traditionally understood labour market contributions.

This tension often comes most sharply into focus for lone parents, who frequently have to make the paid work and care work contributions of their household by themselves. Individuals' labour market responsibilities must be understood in a way that takes into account the non-market care work they also perform. However, it is not possible to reduce this matter to a simple formula, nor see the age of someone's children, or their family structure, as the only defining factors. This means ensuring a conditionality regime that is sufficiently sensitive to the particular needs, circumstances and other responsibilities of citizens.

---

6. Conditionality has also been applied to disability benefit claimants participating in Pathways to Work, and there are proposals to move lone parents over from Income Support to the tougher Jobseeker's Allowance regime when their youngest child is 12 (Freud 2007).



If we are to acknowledge care work as part of a legitimate package of contributions, we must take seriously the 'quality of work' objection (Mead 2005). To be legitimate, so the argument goes, contributions must be of a sufficient quality. In the case of labour market work, the market ultimately acts as a quality-screening mechanism, incentivising people firstly to look for jobs that they can perform relatively well in, and then to work well in them once they are there. This raises the question of accountability in non-market care work, where measuring and monitoring quality is far less straightforward. In extreme cases of abuse or neglect to children or vulnerable adults obviously there are clear legal mechanisms. Beyond this, we need to think creatively about ways that carers and parents can demonstrate their accountability to the community, in return for receiving its explicit acknowledgment for their contributions.

Thus far we have discussed the responsibilities that individuals could plausibly be said to have under the principles of fair reciprocity operating in a just society. But, as we suggested earlier, society is far from entirely just and some people are clear victims of its injustices. Does this mean that these aforementioned responsibilities evaporate, and does enforcing them become illegitimate?

The answer to this question is almost certainly a complex one that resists easy summary<sup>7</sup>. In a society of profound injustice, efforts to enforce a reciprocity-based responsibility to work could well consolidate such injustice by, for example, increasing the pressure on disadvantaged citizens to rush into low-paid, poor quality jobs (Stanley 2005). For progressives, the reciprocity-based responsibility to contribute only makes sense as part of a society based on a fair welfare contract. If the contract is radically unfair, such as in the distribution of opportunities and rewards, then the rationale for fair reciprocity begins to fall away (at least for disadvantaged citizens). Put another way, how can the more affluent and privileged groups, who benefit from the existing opportunity and reward structure, justify calling on those they have unfairly disadvantaged to 'play by the rules' and to 'do their bit'? Would the disadvantaged groups not be justified in replying: 'we'll do our bit when you do yours', by fostering a fairer distribution of opportunities and rewards? It is simply not acceptable for the unfairly affluent and privileged to pick and choose the bits of the social contract that are respected and enforced.

Applying this idea in a society like ours, which – as we discussed earlier – displays considerable injustice, does not necessarily imply that the disadvantaged have no responsibility to contribute at all. But it does suggest that some principle of proportionality needs to apply. The less just society is, the less it can reasonably expect from its disadvantaged citizens, and the more measured any attempts to enforce such contributions must be. On this basis, we should question the justice of increased obligations on lone parents in the United States to move into work since the introduction of time-limited welfare (Stanley 2005, Shelby 2007). It is far from clear that the pressure on lone parents in the US to 'do their bit' in the scheme of economic cooperation, in addition to their responsibilities as parents, is matched by a structure of opportunities and rewards that fulfils the social contract. Therefore, in thinking about the proportional responsibilities of individuals in the UK welfare system, we must also consider the responsibilities of the state.

---

7. For example, Shelby makes an important distinction between obligations that arise from participation in a scheme of fair cooperation (such as the reciprocity-based obligation to make a productive contribution) and natural duties of a more basic kind (such as non-aggression towards others). In summary he argues that the former obligations are more conditional on background social justice than the latter (Shelby 2007).

### **The responsibilities of the state**

The state's basic responsibilities are to use its legislative and financial power to promote the conditions of fair reciprocity outlined earlier<sup>8</sup>. Recent proposals for increased benefit conditionality were partly justified by the notion that the state – through policies such as the New Deal and measures to make work pay – is meeting 'its side of the bargain'. So what are the legitimate responsibilities of the state under fair reciprocity, and are they being met?

#### **Fair economic opportunity**

Individuals' duty to look for work must be dependent in some way on the state's responsibility to ensure that jobs are available and that people are able to access them. In a post-Keynesian era, government is not engaged in the business of direct job creation (outside of the public sector). However, the state retains considerable agency over the shape of the labour market, through macroeconomic policy, and supply side levers like regional economic development, investment in R&D and support for business creation. Through assistance with education and training the state can increase the supply of skilled labour, while it can encourage employers to adopt product market strategies that increase the demand for skilled labour. For example, it can bring trade unions and employer groups together at national, regional or local level to agree on so-called 'high road' competitive strategies (Rogers and Streeck 1994). The absence of any serious consideration of such demand-side drivers in the Freud Review was symptomatic of recent perspectives on labour market policy (Freud 2007).

Beyond the availability of jobs, the modern state also has a crucial role in supporting individuals who need extra help preparing for work, finding a job, achieving a reasonable degree of security in employment and progressing to better work. Labour market activation policies have been the overwhelming focus of Labour's welfare-to-work approach, through the New Deals, tax credits, expanded childcare, more adult learning places and new employment rights. As Chapter 1 discussed, real progress has been made. However, systematically lower employment rates among disadvantaged groups demonstrate that the state's responsibilities are far from fulfilled (Adams 2005).

In particular, the area of labour market progression, beyond the narrow transition from benefits to work, has not been sufficiently addressed and emerges as a major challenge (Harker 2006, Engel and Sodha with Johnson 2007). Beyond this, equipping individuals with financial assets that enable them to take risks, invest in their human capital, plan ahead, and buy themselves a degree of security in the flexible labour market is a central supply-side agenda<sup>9</sup>. Policies such as the Child Trust Fund and the Saving Gateway represent a promising start in this area, but need to be built upon (Paxton and White with Maxwell 2006, Sodha and Lister 2006). Finally, the structure of the benefit system and the operation of employment support, two areas where the state should do more to meet its responsibilities in a system of fair reciprocity, are explored in detail in Chapters 3 and 4.

#### **Fair reward**

The state's responsibility to see that rewards are fair begins with ensuring that those making a reasonable economic contribution through paid work receive at least a decent minimum in return. High rates of in-

---

8. Of course, by 'state' we mean the citizenry acting collectively, and politically, through the state. It is also important to note that in discussing the responsibilities of the state there are a number of overlaps with the responsibilities of civil society actors, such as employers and trade unions, which we explore in more detail later.

9. On inheritance and entrepreneurship specifically see Blanchflower and Oswald 1998. For a more general discussion of the importance of assets to security and a willingness to approach working life in a self-confident and creative spirit, see Paxton 2002.

work poverty<sup>10</sup> indicate that, despite the National Minimum Wage and tax credits, the state still has more to do. The optimal policy response is complex and cannot be resolved on philosophical grounds, but is very likely to combine a more generous 'living wage' policy and low wage subsidies, alongside labour market, regional, welfare, skills and tax levers. Tax credits have incentivised paid work and lifted hundreds of thousands out of poverty. However, there are clear normative grounds for doubting whether an overwhelming reliance on means-tested in-work benefits can be a long-term solution. In particular, the impact of both high effective marginal tax rates on incentives to progress at work (Adam et al 2006), and administrative difficulties on the stability of household budget are important concerns (Hills et al 2006).

A progressive conception of fair reciprocity requires the state to also take some responsibility for the overall distribution of employment rewards, including those at the very top end of the labour market. In 2005/6, before taxes and benefits, the top ten per cent of households had incomes 27 times higher than those of the bottom ten per cent (Jones 2007)<sup>11</sup>. Taking such inequality seriously would require the government to engage citizens in a conversation about the kind of top-to-bottom pay ratios that are justifiable under a fair social contract. It would interrogate the veracity of any claim that extremely high differentials serve the common good, and pursue appropriate policies to compress such unequal rewards where it found these claims wanting. To its credit, Labour has made the tax and benefit system work much harder, now bringing the ratio of net incomes between the top and bottom deciles down to 12:1 (Jones 2007). However, the powers of underlying inequality drivers are such that income inequality rose slightly in 2005/6 after a few years of falls (ibid).

### Universality

The state has a responsibility to ensure equitable enforcement of civic responsibilities, both among welfare recipient and across the citizenry at large. One relevant tension we can identify in the welfare system is between moves towards greater personalisation of services on the one hand, and the desire for fair and consistent treatment on the other. In principle, there need be no contradiction. Consistency is about treating 'like cases alike'; personalisation is about taking seriously the ways in which superficially alike cases are in fact not alike. As the discussion of empowerment in Chapter 1 explored, a welfare system that respects the differences in people's circumstances and needs would treat everyone fairly, but not the same. However, this may be hard to achieve in practice. A less standardised model could promote inequitable or arbitrary outcomes rather than reflecting the diversity of people. Therefore, as Chapter 4 discusses further, it is vital that more flexibility and responsiveness in welfare services means more control and agency for citizens, not greater power and discretion *over them* in the hands of officials. Procedural justice, including transparent decision making, lines of accountability and mechanisms for redress, are vital (Pearce 2007).

Those committed to the progressive conception of fair reciprocity will also want to raise some awkward questions about the possibilities for 'capitalistic free-riding' in our society. Inheritance of very large amounts of unearned wealth or large rises in the value of capital assets unrelated to any improvements the holder themselves has made provides some people with the option of escaping the responsibility to make an economic contribution to society through work. In the current political climate, winning the argument for policies that address these issues requires a more explicit and informed discussion about the current level of wealth inequality, its drag on attempts to build a fairer society, and the reality that reform

---

10. Half of poor children in Britain live in households where someone works (Brewer et al 2007)

11. Adjusted for household size.

## 12 Citizen-centred welfare | Taking responsibility: a fair welfare contract

would advantage the overwhelming majority of the public (Reed and Sodha 2007).

### Diversity

Under the progressive conception of fair reciprocity, the state has a responsibility to acknowledge unpaid care work as a form of what White calls ‘civic labour’ (White 2003). This means providing a system of reasonable rewards for care work in return for this contribution. When setting expectations for labour market participation among lone parents and others with dependent relatives, the state has a responsibility to acknowledge the important contribution they already make. It is important to note that there is no inherent contradiction between seeking a high employment economy and publicly valuing caring and raising a family. Promoting more flexible working patterns and part-time working opportunities are examples of how negative trade-offs between these aspirations can be navigated (Hughes and Cooke 2007).

### The responsibilities of civil society

Between the citizen and the state lies the messy but rich terrain of civil society. The associations of civil society – employers, trade unions, faith groups, charities, credit unions and so on – can play a crucial role in helping both individuals and the state to meet their responsibilities. But how do they do this, and what responsibilities do they have in fulfilling this vital function?

#### Employers

Employers have an essential role in facilitating the responsibilities of both citizens and the state which we discussed earlier. In a society of fair reciprocity, employers have a basic obligation to practise strong equality of opportunities in recruitment and staffing policies, including some kinds of affirmative action to ensure fairness for disadvantaged individuals and groups, such as people with a disability<sup>12</sup>. Employers have responsibilities to support people into work and help them develop their skills. Such contributions, from which they are likely to derive benefits themselves, include engagement with JobCentre Plus and other employment service providers to place people in work, and offering appropriate job-related training. Employers can also cooperate with government, trade unions and other stakeholders, at a national, regional, or industry level, to further shared economic objectives. Such a ‘social partnership’ has been integral to the success of Ireland’s ‘Celtic tiger’ economy over the last two decades<sup>13</sup>. Under a fair welfare contract, employers also have obligations to make reasonable accommodation for employee’s valued contributions outside work, such as care work. Extending the right to request flexible working more widely would be a sensible way forward (Hughes and Cooke 2007).

A recurring issue is whether these and other such obligations should be seen as a matter of exhortation or regulation. One principled worry about relying too heavily on exhortation is that some companies may try to free-ride on the good efforts of others, potentially causing good practice to unravel under competitive pressures. Of course, in practice a balance must be struck between the use of regulations and incentives, and the need to promote a policy climate conducive to business growth and job creation. One option is to delegate some authority for the detail of policy to employer groups or employer-union bodies<sup>14</sup>.

---

12. There are a wide variety of affirmative action policies and it is difficult to generalise about their justifiability in general terms, and without being specific about their context. For an excellent discussion, with which we broadly concur, see Gutmann and Thompson 1996.

13. See [www.taoiseach.gov.ie/index.asp?locID=179&docID=-1](http://www.taoiseach.gov.ie/index.asp?locID=179&docID=-1) for details of the latest tripartite plan, Towards 2016, which covers cooperation between the Government, business and trade unions on a wide range of social and economic issues.

14. For a helpful discussion of such systems of devolved regulation see Cohen and Rogers 1994 and Cohen and Sabel 1997.

### **Trade unions**

Trade unions have an important role in a society animated by the principles of fair reciprocity, enhancing the power and voice of individuals by acting collectively in the workplace<sup>15</sup>. Trade unions can negotiate and campaign for things like fair rewards, job security and the right to balance work and family responsibilities. Collective bargaining can help move beyond the National Minimum Wage floor to ensure decent levels of rewards. Solidaristic wage bargaining can also contribute to compressing inequalities in labour market rewards, making the overall pay structure fairer (Metcalf et al 2001). Beyond this, trade unions can also make a significant contribution to promoting skills development and labour market progression through initiatives like trade union Learning Funds.

### **Workforce intermediaries**

Recent years have seen a growth in so-called 'workforce intermediaries', especially in the US. These institutions of social partnership foster cooperation among labour market stakeholders, such as employers, workers and training providers, for mutual benefit (Dresser and Rogers 2003). One role they can play is to facilitate better matching between (shifting) employer demand for skills and the workforce training schemes operating in particular industries or localities. Workforce intermediaries can mitigate some of the worst effects of economic restructuring on the least advantaged by helping them to adjust to new employer needs; supporting them to access jobs in a flexible labour market and gaining resources for advancement once they are there (ibid).

For example, Cooperative Home Care Associates (CHCA) is an employee-owned, not-for-profit company providing care assistants on a contract basis to large care providers and hospitals in New York City. CHCA provides training and counselling to its members, alongside a 'guaranteed-hours program' which effectively transforms temporary, insecure work into full-time employment. Wages of CHCA carers are also well above the industry average. A key characteristic of such intermediaries is that they institutionalise cooperation and collective agency so as to graft training, restructuring and advancement strategies onto the architecture of so-called 'dead-end jobs' (Dresser and Rogers 2003). Developing a more place-based and sector-specific approach to UK labour market policy could encourage greater social partnership through such workforce intermediaries.

### **Private and voluntary sector providers**

The prospect of a significant expansion in the role of the private and voluntary sectors in the provision of employment support raises a number of important questions about the responsibilities of such organisations in carrying out public functions (Freud 2007). Ensuring appropriate accountability is central, both for the state as contractor and the citizen as recipient of services. If, for example, private or voluntary sector agencies acquire the power to make important decisions about citizens' entitlements to particular benefits or services, then individuals must have the same rights to challenge the fairness of these decisions as they should have if the state was directly in control. Equally, the state – on behalf of the tax-paying public – must ensure that private and voluntary sector providers running public sector contracts deliver good outcomes and value for money. In thinking through the appropriate role of these sectors in future welfare provision it is also important to be realistic about their capacity, and their ability to genuinely add value to the public sector.

The increasing use of faith-based organisations in welfare provision raises a further set of issues about procedural fairness and non-discrimination (Daly 2006, Pearce 2007). Should, for example, such providers

---

15. For a fuller discussion of the potential contribution of trade unions see Cohen and Rogers 1994 and White 1998.

be permitted to discriminate in providing their services on the grounds of their distinctive religious principles? Given that this would violate the principle of fair economic opportunity, we would argue not – at least if the group receives public funds for its services. The question is whether faith groups can harness the value of their ‘faith ethos’ to beneficial effect without crossing the line into activities that violate citizens’ religious freedoms.

#### **Self-help and community groups**

The social ecology of welfare provision in Britain includes a panoply of self-help and community groups, ranging from Twelve Step groups like Alcoholics Anonymous to neighbourhood-based parent and baby groups. Such associations provide critical support and shared experiences for people struggling with a range of problems, which can often impact on their participation in the labour market. They can also help to break down social isolation and build community identity and efficacy. Self-help and community groups can complement state efforts to support disadvantaged individuals and prepare them for paid employment, for instance through equipping them with vital personal or social skills. They can also enable people to meet their own responsibilities, through, for example, parent-baby groups where new mums and dads can learn crucial parenting skills and experience from their peers.

Given these potential benefits, we might think of the state as having a responsibility to create an environment in which such groups can emerge and flourish. There are undoubtedly supportive steps that can be taken, not least ensuring a favourable financial and administrative landscape. However, there are some grounds for caution. Self-help and community groups are essentially voluntary, a fact that should not be overlooked by well-meaning politicians eager to harness their work. For instance, a policy that required those with addiction problems to attend a Twelve Step group would run entirely counter to the group’s ethos and philosophy, which emphasises the necessity of voluntary participation. The state risks undermining the integrity and effectiveness of these organisations if it tries to change their fundamental role and nature, by compelling participation in them, or trying to bureaucratise them. Local voluntary groups may often carry within them a body of knowledge and insight that the state itself lacks. The benefits of this might be lost if the state tries too hard to harness and guide their work on its preferred terms. Self-help and community groups represent a distinctively ‘anarchist’ approach to welfare, and their anarchist ethos needs to be respected (Ward 1973).

#### **Conclusion: next steps in rights and responsibilities**

Our aim has been to return to first principles to construct a picture of what a fair welfare contract might look like. We have suggested that fulfilling a progressive notion of fair reciprocity requires us to think about the interlocking and interdependent responsibilities of citizens individually, the community (acting collectively through the state), and the multiple associations of civil society. We believe that, under the right conditions, it can be legitimate to enforce each of these responsibilities. Indeed, rather than seeing the frame of rights and responsibilities as antithetical to progressive political purposes, we believe that, through its performance of collective duties to one another, it is a potent vehicle for delivering them. However, unlike much current rights and responsibilities discourse, we have not only focused on what (disadvantaged) citizens owe to the rest of society. We have argued that this question cannot be separated from the context in which such obligations are expected and demonstrated, nor the reciprocal responsibilities of other actors and institutions across society.

Sound policy principles offer a framework for policymakers, and provide others with a guide against which to judge them. Therefore it is worth concluding by reiterating some of the main implications of our conception of rights and responsibilities for contemporary policy and political debate.

The idea of rights and responsibilities embodies an important progressive idea that we all have shared duties to each other and shared expectations from one another. Therefore we should promote ways of explicitly expressing this mutuality. Proper recognition of caring contributions, both independently and relative to labour market expectations, is an important place to start. Also, if the state can hold citizens to their responsibilities, through benefit conditionality, are there ways of giving citizens more power to hold the state (and other institutions) to account for theirs? Chapter 4 explores this issue further, highlighting the role of voice, accountability and redress in the welfare system. It is also important to get right the distribution of roles and responsibilities within the welfare contract. For example, when thinking about the provision of employment support, the private and voluntary sectors can potentially add innovation and extra capacity, but they cannot, and should not, do it all. Equally, while there are some functions that must ultimately reside with the state, it does not have all the answers.

On the specifics of benefit conditionality, fairness requires that we develop a far more tailored approach. Driven by benefit categories, the current system makes arbitrary distinctions about people's responsibilities, ignoring important differences between the capabilities and constraints of individuals within these categories. Also, by focusing on which groups of people conditionality falls, more significant issues are obfuscated. For example, what are people being expected to do? Who has the power to decide what these expectations are? Are they reasonable and helpful for them given their circumstances? What reciprocal support are other actors and institutions offering? And what are the consequences if they default? A far more person-specific approach to citizens' responsibilities – tied both to their individual needs and circumstances on the one hand and the support and entitlements they are offered in return on the other – would provide the basis for more genuinely fair, productive and reciprocal relationships across the welfare system.

A far more personalised model of conditionality would also bring the responsibilities of the state and civil society into sharper focus. Reasonable expectations on citizens to take steps towards work should be performed hand in hand with reasonable obligations to ensure adequate childcare provision, skills development opportunities, health support, measures to help people to cope with financial insecurity and so on. Such a model would move us far closer to a welfare contract genuinely animated by a progressive notion of fair reciprocity. Finally, in constructing arguments about the appropriate role for conditionality in a fair welfare contract, progressives must build in an awareness of the background structure of opportunities and rewards in society. Whatever the political challenges that these issues raise, they are a fundamental aspect of responsibility politics, and discussion of potential solutions must remain on the table.

## References

Note: web references correct June 2007

Adam S, Brewer M and Shephard A (2006) *The poverty trade-off: work incentives and income redistribution in Britain* Bristol: Institute for Fiscal Studies/Joseph Rowntree Foundation

Adams J (2005) *Towards full employment: tackling economic inactivity* London: Institute for Public Policy Research

Beem C (2005) 'Restoring the Civic Value of Care in a Post-Welfare Reform Society', in Mead L and Beem C (eds) *Welfare Reform and Political Theory* New York: Russell Sage Foundation

Blanchflower D and Oswald A (1998) 'What Makes an Entrepreneur?' *Journal of Labour Economics* 16

Blanden J, Goodman A, Gregg P and Machin S (2004) 'Changes in Intergenerational Mobility in Britain', in Corak M (ed) *Generational Income Mobility in North America and Britain* Cambridge: Cambridge University Press

Brewer M, Goodman A, Muriel A and Sibieta L (2007) 'Poverty and Inequality in the UK', *Institute for Fiscal Studies Briefing Note 73*

Brooks R and Tough S (2006) *Pupil Attainment: Time for a three Rs guarantee* London: Institute for Public Policy Research

Brown G (2006) 'Donald Dewar Memorial Lecture', speech given at the University of Glasgow, 12 October 2006, available at: [www.hm-treasury.gov.uk/newsroom\\_and\\_speeches/press/2006/press\\_74\\_06.cfm](http://www.hm-treasury.gov.uk/newsroom_and_speeches/press/2006/press_74_06.cfm)

Cameron D (2007) 'Civility and civil progress', speech given at the Royal Society of Arts, 23 April, available at: [www.conservatives.com/tile.do?def=news.story.page&obj\\_id=136420&speeches=1](http://www.conservatives.com/tile.do?def=news.story.page&obj_id=136420&speeches=1)

Coats D (2006) *Who's afraid of labour market flexibility?* London: The Work Foundation, available at: [www.theworkfoundation.com/Assets/PDFs/labour\\_market%20flexibility.pdf](http://www.theworkfoundation.com/Assets/PDFs/labour_market%20flexibility.pdf)

Cohen GA (1989) 'On the Currency of Egalitarian Justice' *Ethics* 100

Cohen J and Sabel C (1997) 'Directly-Deliberative Polyarchy' *European Law Journal* 3(4)

Cohen J and Rogers J (1994) 'Secondary Associations and Democratic Governance', in Cohen J and Rogers J *Associations and Democracy* London: Verso

Considine M (2001) *Enterprising States: The Public Management of Welfare-to-Work* Cambridge: Cambridge University Press

Daly L (2006) *God and the Welfare State* Cambridge, MA: MIT Press

Department for Education and Skills (DfES) (2006) *Statistics in education: Trends in attainment: 2005* London: Department for Education and Skills

Department of Trade and Industry (DTI) (2005) *Work and families: choice and flexibility* London: Department for Trade and Industry

Department for Work and Pensions (DWP) (2006) *Security in retirement: towards a new pensions system*



White Paper, London: Department for Work and Pensions

Dixon M and Paxton W (2005) 'The State of the Nation: An Audit of Social Justice in the UK', in Pearce N and Paxton W (eds) *Social Justice: Building a Fairer Britain* London: Institute for Public Policy Research/Politico's

Dresser L and Rogers J (2003) 'Part of the Solution: Emerging Workforce Intermediaries in the United States', in Zeitlen J and Tubeck DM *Governing Work and Welfare in a New Economy: European and American Experiments* Oxford: Oxford University Press

Dworkin R (1985) 'Why Liberals Should Care About Equality', in Dworkin R *A Matter of Principle* Cambridge, MA: Harvard University Press

Engel N and Sohda S with Johnson M (2007) 'Moving on up: progression in the labour market', in Pearce N and Margo J (eds) *Politics for a New Generation: The progressive moment* Basingstoke: Palgrave Macmillan

Feinstein L (2003) 'Inequality in the Early Cognitive Development of British Children in the 1970 Cohort' *Economica* 70

Freud D (2007) *Reducing dependency, increasing opportunity: options for the future of welfare to work. An independent report for the Department for Work and Pensions* Leeds: Corporate Document Services

Goldthorpe J (2003) 'The Myth of Education-Based Meritocracy' *New Economy* 10 (4)

Gutmann A and Thompson D (1996) *Democracy and Disagreement* Cambridge, MA: Harvard University Press

Harker L (2006) *Delivering on child poverty: what would it take? A report for the Department for Work and Pensions* London: TSO

Hills J (2004) *Inequality and the State* Oxford: Oxford University Press

Hills J, Smithies R and McKnight A (2006) *Tracking Income: How Working Families' Incomes Vary Through the Year*, CASE Paper 32, CASE: London

Hughes B and Cooke G (2007) 'Children, parenting and families: renewing the progressive story', in Pearce N and Margo J (eds) *Politics For A New Generation: The progressive moment* Basingstoke: Palgrave Macmillan

Jones F (2007) *The effects of taxes and benefits on household income, 2005/06* London: Office for National Statistics

Kenworthy L (2004) *Egalitarian Capitalism: Jobs, Incomes, and Growth in Affluent Societies* New York: Russell Sage Foundation

Lewis J and Guillari S (2005) 'The adult worker model family, gender equality and care: the search for new policy principles and the possibilities and problems of a capabilities approach' *Economy and Society* 34

Marshall G and Swift S (1997) 'Meritocratic Equality of Opportunity: Economic Efficiency, Social Justice, or Both?' *Policy Studies* 18

Maxwell D (2006) 'Towards a Citizen's Inheritance: Reforming Inheritance Tax', in Paxton W and White S with Maxwell D (eds) *The Citizen's Stake: Exploring the Future of Universal Asset Policies* Bristol: Policy Press

- McLean I (2006) 'Land Tax: Options for Reform', in Paxton W and White S with Maxwell D (eds) *The Citizen's Stake: Exploring the Future of Universal Asset Policies* Bristol: Policy Press
- Mead L (2005) 'Welfare Reform and Citizenship' in Mead L and Beem C (eds) *Welfare Reform and Political Theory* New York: Russell Sage Foundation
- Metcalf D, Hansen K and Charlwood A (2001) 'Unions and the sword of justice: unions and pay systems, pay inequality, pay discrimination and low pay' *National Institute Economic Review* 176(1)
- Pateman C (2005) 'Another Way Forward: Welfare, Social Reproduction, and a Basic Income', in Mead L and Beem C (eds) *Welfare Reform and Political Theory* New York: Russell Sage Foundation
- Paxton W (2002) 'The Asset-Effect: An Overview', in Bynner J and Paxton W *The Asset-Effect* London: Institute for Public Policy Research
- Paxton W (2003) 'Progressive Asset-Based Welfare', in Paxton W (ed) *Equal Shares? Building a Progressive and Coherent Asset-Based Welfare Policy* London: Institute for Public Policy Research
- Paxton W and White S with Maxwell D (eds) (2006) *The Citizen's Stake: Exploring the Future of Universal Asset Policies* Bristol: Policy Press
- Pearce N (2007) 'Fair rules – re-thinking fairness' *Public Policy Research* 14 (1)
- Rawls J (1971/1999) *A Theory of Justice: Revised Edition* Cambridge, MA: Harvard University Press
- Rawls J (2001) *Justice as Fairness: A Restatement* Cambridge, MA: Harvard University Press
- Reed J and Sohda S (2007) 'Mind the wealth gap? The politics of resource inequality', in Pearce N and Margo J (eds) *Politics For a New Generation: The progressive moment* Basingstoke: Palgrave Macmillan
- Rogers J and Streeck W (1994) 'Productive Solidarities: Economic Strategy and Left Politics', in Miliband D (ed) *Reinventing the Left* Cambridge: Polity
- Rowlingson K and McKay S (2004) *Attitudes to Inheritance: A Literature Review and Secondary Analysis of Data* York: Joseph Rowntree Foundation
- Sefton T (2005) 'Give and Take: Public Attitudes to Redistribution' in Park A et al, *British Social Attitudes – Two Terms of New Labour: The Public's Reaction, 22nd Report* London: Sage
- Shelby T (2007) 'Justice, Deviance and the Dark Ghetto' *Philosophy and Public Affairs* 35(2)
- Sodha S and Lister R (2006) *The Saving Gateway: From principles to practice* London: Institute for Public Policy Research
- Stanley K (2005) 'Sanctions and sweeteners: rights, responsibilities and the welfare state' *Public Policy Research* Vol 12(1)
- Tanney RH (1920/1948) *The Acquisitive Society* New York: Harcourt Brace Jovanovich
- Taylor-Gooby P (2005) 'Attitudes to Social Justice', in Pearce N and Paxton W (eds) *Social Justice: Building a Fairer Britain* London: Institute for Public Policy Research/Politico's
- Wann M (1995) *Building Social Capital* London: Institute for Public Policy Research
- Ward C (1973) *Anarchy in Action* London: Allen and Unwin

White S (1998) 'Trade Unionism in a Liberal State' in Gutmann A (ed) *Freedom of Association* Princeton: Princeton University Press

White S (2000) 'Social Rights and the Social Contract: Political Theory and the New Welfare Politics' *British Journal of Political Science* 30

White S (2003) *The Civic Minimum: On the Rights and Obligations of Economic Citizenship* Oxford: Oxford University Press

White S (2005a) 'Is Conditionality Illiberal?' in Mead L and Beem C (eds) *Welfare Reform and Political Theory* New York: Russell Sage Foundation

White S (2005b) 'A progressive politics of responsibility' *Public Policy Research* 12(1)

White S (2006) *Equality* Polity Press: Cambridge

White S and Gardner D (2000) 'Juggling With Reciprocity: Towards a Better Balance' in Coote A (ed) *The New Gender Agenda: Why Women Still Want More* London: Institute for Public Policy Research/Fabian Society/Fawcett Society

Wilkinson R (2005) *The impact of inequality: How to make sick societies healthier* London: Routledge