

*eBook*

# **The Work Agenda**

**What  
happened to  
the leisure  
society and  
the social  
security  
state?**

by Rory O'Kelly

**CHARTIST**  
For democratic socialism



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# About the Author

Rory O'Kelly has worked for much of his life in and around the social security system. He was a Civil Servant in the DHSS for seven years in the 1970s and 1980s, doing both casework and policy work, before leaving and becoming social security officer for a national trade union. He has also worked in the NHS, other government departments and the voluntary sector. More recently he spent a number of years (covering the period when the Employment and Support Allowance was introduced) managing welfare benefits and advocacy services for Mind in Croydon, also representing Mind on the Jobcentre Plus national customer forum. He has published a number of articles on social security, health and other aspects of public administration.

The views set out in this paper are informed by this experience but the conclusions reached are entirely his own.

# **The Work Agenda: What happened to the leisure society?**

## **Summary**

The last half century has seen a fundamental shift in attitudes to work. Once it was seen as a means to an end; central to the production of goods and services. Work was potentially enjoyable and fulfilling, and could be made more so, but overall progress implied a reduction of the role in life played by work, at both the individual and the social level.

The consensus position is now the exact reverse. Work is seen as good in itself and maximising the number of people working and the amount of work done as self-evidently right. The rationale for this is obscure; a confusing and largely self-contradictory mix of economic and psychological reasoning. Underlying the change is rejection of the concept of redistribution. Seeking a rational way of sharing the output of a society across all the members of society is no longer regarded as a legitimate enterprise. Getting people into work is pursued primarily as a way of reducing transfers between working and non-working people; in simple terms: the cost of benefits.

A major practical impact has been on attitudes to medical incapacity for work. Instead of being seen as a fact of life illness is now presented as a construct which can be changed by political means. The driver behind the Welfare Reform Act 2007 and the creation of Employment and Support Allowance (ESA) was the belief that by changing the definition of incapacity sick or disabled people could be made capable of work in reality and that by this means they would be

brought into the workforce.

This was one aspect of a general intellectual shift that occurred at the beginning of the 21st century. It became widely believed in public life that the constraints of reality could be ignored, or that reality could be changed by simple acts of will. The consequences of this in the field of social security are analogous to disasters happening around the same time in the financial markets and international relations.

The rage now being incited by politicians against people who are (at a given time) poor or sick is bolstered by the fact that the continued existence of poverty and sickness challenges popular but delusional beliefs.

## 1. Introduction

***‘If work was such a good thing, the rich would have kept it  
for themselves’***

In a narrow sense the purpose of this e-book is to look at changing attitudes towards medical incapacity for work and in particular at the effects of the Welfare Reform Act 2007. This replaced Incapacity Benefit by Employment and Support Allowance and, in a more conceptual sense, replaced the idea of ‘incapacity for work’ by ‘limited capacity for work’. The Act itself was part of an ideological shift which occurred, roughly speaking, between 2007 and 2011 which has now established a dominant new paradigm in thinking about incapacity.

The shift spanned the transition from New Labour to Coalition Government and in fact there has been no disagreement within the political mainstream about what has been happening. For practical purposes this paper will use ‘the

Government' to refer to the Governments on both sides of the last General Election. More recent developments dealing mainly with other aspects of the Social Security system are not discussed except in passing.

There has been a great deal of interesting discussion of the Welfare Reform Act and its consequences within the specialist social security literature and also the popular media. This paper will not replicate that. Its purpose is to locate changing attitudes towards incapacity within a broader change in attitudes towards work generally.

## **The Leisure Society**

To understand this change one needs to go back to the 1960s, when it was conventional wisdom that we were entering a leisure society. It was accepted that huge rises in productivity meant the end of the curse of labour which had always afflicted humanity. People were asking what else we could find to occupy our time. Constantly falling retirement ages, shorter working weeks and longer holidays were taken for granted and the more imaginative were thinking of ideas like lifelong learning. These assumptions spread across the political spectrum and insofar as there were doubts they were of a moral nature and about the corrupting effects of too much leisure.

Some may find this picture an exaggerated one. Certainly however if anyone in the 1960s had predicted that half a century later we would be talking about increasing the retirement age to 68 and agonising over keeping the working week at over 48 hours they would have been regarded either as deranged or as a prophet of some unspecified economic doom.

Clearly many predictions made at that time have been disproved. We are not all living in bubbles on the moon or enjoying unlimited free energy from nuclear fusion. In those cases however it was the technological underpinnings of the

predictions which were wrong. Where work is concerned the underlying basis of our predictions, the increase in the productivity of labour, has not only continued but accelerated.

To some extent of course the effects of this have been modified by the transfer of income from labour to capital which has occurred since the end of the 1970s and which has concentrated the benefits of increased productivity in fewer hands. It has also proved far easier than expected to expand the range of human wants (which may be experienced as needs) almost indefinitely. Alongside these objective changes however there has been a profound ideological shift which might be defined as a move from collectivism to individualism. This has a particular meaning in this context.

The idea of a 'leisure society' goes back to the 1930s and 40s when Keynes was already thinking about the implications of a situation where a fairly small proportion of the population, working not very hard nor for very long, could produce everything that everybody needed. To him it came naturally to think of the output of society as a whole. The concept of 'Gross Domestic Product' is of course a Keynesian one. Once the necessary output had been determined it was then a secondary matter to distribute it and the work necessary to produce it, among the members of society. There was no necessary connection between the distribution of work and the distribution of output. Although Keynes was far from being a Marxist this approach has a recognisably common origin to Marx' formulation 'from each according to his ability, to each according to his needs'.

## **Attitudes to redistribution**

What has changed since then is that we have come, just by reflex, to attribute output to individuals rather than to society as a whole. This means that if only some people work then we define the process of sharing resources between those who do and those who do not as 'redistribution'. At the same time



however we have seen the growth of a powerful ideological opposition to such processes.

This does not only apply to vertical redistribution - the shifting of resources from rich to poor. Opposition to this has a simple cause: an expression of class interests. Rather more puzzling is the growing opposition to what is called 'horizontal redistribution'. Horizontal redistribution is the attempt to even out access to resources across a person's lifetime. We pay money in when we are working and draw it out when we are not working, because we are too old or too young or too ill or simply unemployed. We pay money in when we do not have dependants and draw it out when we do. This has been a function of the welfare state since the 1940s. It does much the same as private savings and insurance schemes but without any middlemen and without anyone making a profit out of it. This of course explains the strong political opposition to the concept from vested interests.

The wide spread opposition among the general public is not easy to understand, but seems to have two bases.

The first is the idea that the distinction between people paying in and those drawing out is a distinction between different sorts of people rather than between different stages in the life cycle. If for example one looks at letters in the press about social security it is common to find terms like 'claimant' 'worker' 'sick' 'childless' etc. used as if they were permanent characteristics. In fact, of course, most people will have many of these characteristics at different times, and often at the same time. The recent debate about restrictions in benefit uprating brought home the fact that many people are workers and claimants simultaneously. This did seem to come as a surprise not only to many members of the public but also to Government ministers.

The second, rather more subtle, base of opposition is the idea that redistrib-

ution between different groups within society is somehow a cost to society as a whole. A simple example, very current at the moment, is the debate as to whether we can 'afford' universal benefits such as Child Benefit or Retirement Pensions. On reflection, this question is obviously meaningless. We all pay into the welfare system at times and draw out at different (or, quite frequently, the same) times. The question as to whether we can 'afford' this only makes sense on the assumption that society ('we') consists exclusively of those who are net contributors at a given moment.

Whatever its basis, however, the idea that redistribution is inherently problematic is now rooted in our consciousness. The implication of this is that for people not to be working is seen not simply a possible cause of problems (e.g. poverty) but a problem in itself. This is where we need to start in considering attitudes to sickness.

## **2. Concepts of Incapacity**

What was possibly the first and certainly the last real attempt in this country to think about employment policy occurred under the great reforming Labour Government of 1974-9. There was then some serious thought about who should and who should not be in work, not as a means to some other end but for intrinsic reasons.

One aspect of this was an expansion in the potential workforce. For disabled people the emphasis was on enabling them to participate fully in life, including employment. Alf Morris' Chronically Sick and Disabled Persons Act had come in in 1970 but with his actions as Minister for the Disabled it can be seen as the precursor of the later Disability Discrimination Act.

The other main affected group were married women, who were fully included

in the social security system by the 1975 Social Security Act. This recognised that it was normal for married women to work and that by working they should incur the same obligations and earn the same rights as single people or married men.

Taking these things together we can see a clear commitment to the principle that anyone who was willing and able to work should be admitted to the labour market and that all arbitrary restrictions should be removed. This was particularly striking at a time when most public concern was about the danger that there might not be enough work to go around. Governments between the wars had responded to similar concerns by promoting a 'single breadwinner' policy but in the 1970s such temptations were firmly avoided.

**Taking these things together we can see a clear commitment to the principle that anyone who was willing and able to work should be admitted to the labour market and that all arbitrary restrictions should be removed. This was particularly striking at a time when most public concern was about the danger that there might not be enough work to go around**

A less noticed aspect of the 1975 Act was that for the first time it introduced what was effectively early retirement on grounds of ill health in the state system by extending the State Earnings-Related Pension Scheme to Invalidity Allowance. It was recognised that the corollary to bringing more people who wanted to work and were able to work into the formal labour market was to ease out people who were no longer capable, in conditions of relative comfort and dignity. Other reasons for not working were also recognised, by the introduction of Invalid Care Allowance (later Carer's Allowance) and Home Responsibility Protection, which did not provide an income for non-working parents but did protect their pension rights.

To summarise, there was a serious attempt at that time to think about who

should and who should not be in the labour force. What was most striking was that this was not an idea developed in the abstract by politicians and their advisors but a response to what was actually happening in the real world. At that time we had a Social Security system which tried to respond to the way in which people actually were living, or trying to live, rather than forcing them to live differently.

It goes beyond the scope of this paper to say what the effects of these developments were in practice. It is certainly the case, however, that from the mid-1970s on the proportions of men and women working started to converge, with the former reducing and the latter increasing. This suggests a better match between the groups who should have been working and those who actually were working.

What is most interesting about this whole situation is that we see social security policy used to support employment policy objectives. This is the exact reverse, it will be argued, of the present situation in which employment policy, such as it is, serves purely as an adjunct of Social Security policy.

The definition of medical incapacity for work has undergone a similar reversal. Until recently the medical situation was taken as an objective starting point to which the benefit system then had to respond. The great change in 2007 was to take the needs of the benefit system as the starting point and to change clinical definitions to conform to those needs. This rather broad statement needs some historical background and some fleshing out.

## **Capacity and Incapacity**

The question of when a medical condition makes a person incapable of work is not a straightforward one. Doctors have always given medical certificates to patients in the form of advice not to work. This is normally explained by a

diagnosis but the diagnosis does not define incapacity. It may, for example, say 'depression' or 'back pain' but there is no implication that nobody with these conditions can be capable of work.

There are two implicit qualifications. The first is the severity of the condition. The second, not quite so obvious, is the impact on the individual. If, for example, one asks whether an accident or disease which leaves a person in a wheelchair is likely to make them incapable of work it is fairly clear that if the person is in late middle age, has no qualifications and has been a manual labourer all his or her life the answer is likely to be 'yes'. For a younger and better qualified person the answer might be different.

This was recognised formally under the old Invalidity Benefit system. When a dispute arose as to whether a person was capable of work or not it was necessary to take account of their age, qualifications and experience. This was certainly a logical approach in principle, but it proved excessively elaborate and somewhat paradoxical in practice. There are some jobs which even a severely disabled person with no qualifications can do and it became notorious that the DHSS (as it then was) would suggest that virtually anyone could work as, for example, a car-park attendant, although of course the number of car parks (particularly staffed car parks) is finite.

When Invalidity Benefit was replaced by Incapacity Benefit in 1995 an entirely different approach was taken. The criteria for capacity ('descriptors') did not refer directly to employment at all. Instead a set of surrogate measures was created based upon fairly standard measures of disablement; e.g. how far a person could walk, how long they could remain seated, whether they could concentrate, communicate or identify risks etc. These are set out in the schedule to the Incapacity for Work Regulations 1995 (with some fairly minor later amendments).

The logic behind this change was never stated very explicitly but is fairly easy to identify. Unlike more recent changes it was not intended primarily to reduce (or increase) an individual's chances of qualifying. The use of surrogate measures was adopted as an administrative simplification. These measures identified people whose conditions were likely to make them incapable of work. To put this another way, if a person satisfied the criteria for Incapacity Benefit and was not working it was reasonable to assume a causal link between the two things. This did not imply a general proposition that it was impossible for anyone satisfying the criteria to work.

This is a concept of causality with which we are all familiar in other contexts. If a person smokes 60 cigarettes a day for 30 years and then gets lung cancer we are happy to accept a causal link between the smoking and the cancer although we know that some heavy smokers do not get lung cancer and some people who have never smoked do. If a person drinks 10 pints of beer and then crashes their car we are sufficiently confident of the causal link to make drink-driving a criminal offence, although we know that some drunk people do not crash and some sober people do.

In the context of Incapacity Benefit however the idea that a condition might prevent some people from working but that the 'same' condition would not have this effect on other people came to be seen as problematic. This is one of the key drivers behind the move from Incapacity Benefit to Employment and Support Allowance. Before looking at this however it is necessary to consider earlier approaches to the same issue.

## **Incapacity and Working**

It is inherent in the use of surrogate measures of incapacity that some people who satisfy the legal criteria will still be working. There have always been, for example, blind people, people in wheelchairs, people with significant learning

disabilities etc in the workforce and the direct purpose of disability discrimination legislation is to increase their number. This does not mean that the criteria are bad ones. If one imagines a medical condition 'X' such that 90% of people without it but only 10% of people with it are working it is reasonable to describe the condition as incapacitating. One aspect of this is that if a person suffering from 'X' loses their job, perhaps for an unrelated reason, they are very much less likely to be able to return to work than someone not so suffering and it is entirely reasonable for them to claim a benefit for incapacity rather than simple unemployment.

To an extent this is what happened in the early 1980s, when huge swathes of employment were destroyed by the first Thatcher government, there was a very large rise in the numbers of people claiming Unemployment Benefit, but also a rise in the number claiming Invalidity benefits. For the reasons given above this was entirely predictable. One cannot know how many working people would have satisfied the tests for incapacity used at the time, since these would have been applied only to claimants, but one would expect it to be quite a large number.

Failure to understand the legal basis for incapacity benefits has led to a widespread but entirely mythical belief there was a government policy in the 1980s of classifying fit but non-working people as ill rather than unemployed. Certainly there were attempts to manipulate the unemployment statistics at the time. The author of this ebook was working at the DHSS at the time in a (very junior) policy-making role and can claim to have originated the idea of exempting men aged between 60 and 65 from the need to register for work, thus reducing the official unemployment count by 80,000+ a few months before the 1983 General Election. There were however no comparable changes in the boundary between unemployment and incapacity. People claimed the appropriate benefit on the basis of existing rules using their own judgement.

Unsurprisingly, perhaps, the myth (together with another myth which will be discussed later) was stated in its crudest form by the last New Labour Government:

‘The breaking of the link between benefit entitlement and active job-seeking in the 1980s, *together with attempts to push people on to incapacity benefits*, led to millions of people being written off, with no expectation that they should work again’. (emphasis added).

*White Paper ‘Raising expectations and increasing support: reforming welfare for the future’ 2008*

It has been repeated recently by George Osborne in political speeches but repetition does not make it any truer.

A similar but rather more nuanced approach can be seen in the academic literature. The following passage is taken from two of the most prolific researchers on this subject:

‘On the basis of statistics such as these, the present authors have argued that incapacity benefits hide unemployment. In studies of labour market adjustment in the former coalfields (Beatty and Fothergill 1996, Beatty *et al* 2007) we showed that the principal response to job losses from the coal industry was not a rise in recorded unemployment but a marked increase in the numbers of men ‘economically inactive’ on incapacity benefits. More generally, we have argued that there has been a large diversion from ‘unemployment’ to ‘sickness’ across Britain as a whole, and that around one million incapacity claimants could be regarded as ‘hidden unemployed’ in the sense that they could probably be expected to have been in work in a genuinely fully employed economy’.



*Incapacity Benefits in the UK: An Issue of Health or Jobs? Beatty and  
Fothergill Centre for Regional Economic and Social Research Sheffield  
Hallam University, UK*

The authors have understood that for people to claim a benefit to which they are entitled does not involve any government plot. It will be seen however that they have not understood that 'incapacity' has a precise legal meaning. The language is tendentious, in describing people who satisfy the criteria for incapacity benefits but have recently been working as 'hidden unemployed'. It would be equally accurate to describe the position when such people are working as 'hidden incapacity'. The authors have also not noted the distinction between people who are employed and those who are actually working (discussed in the following section).

It is however the politicians who are responsible for the major obfuscation. There is an argument that giving people entitlement to benefits for incapacity somehow stops them from working. The reasoning behind this has never been very clearly set out but it seems to involve the idea of 'writing people off'. It is supposedly supported by figures showing that many people who lose their jobs because of macro-economic factors claim benefits for incapacity rather than unemployment. What these figures actually show is that many people satisfying the criteria for incapacity benefits do in fact work until prevented by other factors and thus that benefit entitlement does not, in general, prevent people from working. This is not the first or the last time that we will see arguments about incapacity based upon premises which are not only confused but actually mutually contradictory.

### **3. The Transformation of Incapacity – 2007-2011**

The Thatcher, Major and early Blair years were a period of stagnation in the social security field. Most of the exciting developments of 1975 were eliminated but this was more a result of general hostility to claimants and the poor generally than of any theoretical approach. In a sense the social security system continued to be a responsive service but the demands on it came not from any real employment policy but from the explosion in unemployment levels caused by macroeconomic policies.

The beginning of a new approach based on an evangelical belief in work as the solution to all life's ills can be traced back to 2007. A crucial moment was Tony Blair's statement:

**“Work IS the best form of welfare “**

*Tony Blair speech Aylesbury Estate 2007 (probably quoting).*

This idea that ‘work is the best form of welfare’ had been around for some time but had not previously been translated into policy. As is often the case with Tony Blair's pronouncements it has a superficial appearance of clarity and simplicity which proves deceptive on closer examination. In fact there are different and even contradictory strands to the argument for getting more people into work.

#### **The Health Argument**

The first signs of a new political approach can be seen in the Freud Report of 2007, which however drew on earlier academic research (commissioned by

the DWP):

‘There is a strong evidence base showing that work is generally good for physical and mental well-being. Worklessness is associated with poorer physical and mental health and well-being. Work can be therapeutic and can reverse the adverse health effects of unemployment. That is true for healthy people of working age, for many disabled people, for most people with common health problems and for social security beneficiaries. The provisos are that account must be taken of the nature and quality of work and its social context; jobs should be safe and accommodating. Overall, the beneficial effects of work outweigh the risks of work, and are greater than the harmful effects of long-term unemployment or prolonged sickness absence. Work is generally good for health and well-being.’

*Waddell and Burton ‘Is work good for your health and well-being?’  
(Quoted in Freud Report 2007)*

The Freud Report itself developed the argument:

‘But work fulfils psychological needs too: it is central to identity and social roles and status, which in turn drives better physical and mental health. The converse is also true: worklessness is strongly associated with poor health, including higher mortality, poorer mental health and higher usage of medical services. Claimants moving off benefits into work experience improvements in their income, socioeconomic status, mental and general health, and well-being’.

*Freud Report 2007 ‘Reducing dependency, increasing opportunity: options  
for the future of welfare to work’*

The following year a report by Dame Carol Black lent some further clinical weight to the argument:

‘In particular, the recent review [Waddell and Burton, cited above] concluded that work was generally good for both physical and mental health and well-being. It showed that work should be ‘good work’ which is healthy, safe and offer the individual some influence over how work is done and a sense of self-worth. Overall, the beneficial effects of work were shown to outweigh the risks and to be much greater than the harmful effects of long term worklessness or prolonged sickness absence’.

*Dame Carol Black 2008 report ‘Working for a healthier tomorrow’*

The Black Report developed this argument in two directions. The first, perhaps rather uncontroversial, was that making people healthier was a good idea:

‘There is, therefore, a compelling case to act decisively in order to improve the health and well-being of the working age population.’

*Black Report, op cit.*

The second, perhaps rather more contentious, was that being sick was not a reason for not working and, implicitly, that getting people into work was itself therapeutic:

‘The fallacy persists, nevertheless, that illness is incompatible with being at work and that an individual should be at work only if 100% fit. This thinking underpins much of the current approach to the treatment of people of working age with health conditions or disabilities. It is also reflected in the procedures for certification of sickness absence.’

and...

‘Any improvement in work-related support for those who develop health conditions will need to be underpinned by a fundamental change in

the widespread perception around fitness for work; namely, that it is inappropriate to be at work unless 100% fit and that being at work normally impedes recovery’.

*Black Report, op cit.*

The actual merits of the argument are not very interesting. Probably it is true in a general sense that given normal people and normal work most people should be working, for their own sakes. There is certainly good evidence that involuntary long-term unemployment damages health. In the mental health field getting people back to work is frequently part of the recovery process, though rarely if ever the whole of it.

On the other hand, most people of working age are working. To apply findings from the working to the non-working population assumes that there is no significant difference between the two groups, which of course begs the central question. In general, giving advice to individuals on the basis of statistical generalisations about whole populations is a questionable process.

There are more specific problems over sick and disabled people. It is certainly arguable that worklessness is a cause of illness, from which it follows that providing work may be a remedy in some cases. It is a very different matter to say that worklessness is the only cause of illness, but this seems to be the only basis for the policy of touting work as a universal remedy.

What is really important however is that none of these arguments in themselves have any relevance to the social security system. If this system simply responds to sickness or worklessness, changes in the levels of sickness or employment will change the numbers claiming benefits but there will be no causal influence in the opposite direction. In order to draw any conclusions specifically about benefits it is necessary to take a further step and to argue

that the existence of benefits affects behaviour, either by making people think that they are sick when in fact they are not or by making sick people think that they cannot work when in fact they can. Governments have in fact suggested both of these things, and this is discussed below. It is worth emphasising however at this point that a simple belief, however unqualified, that working improves health does not in itself imply any need for a change in the benefit system.

Before addressing this however it is necessary to look at other arguments for increasing levels of employment.

### **The financial argument**

Unsurprisingly it has been argued that getting people off benefits and into work will reduce public expenditure:

‘I estimate that the savings in terms of gross costs to the Department of

**It is possible to reconcile the two approaches by saying that people are too stupid to know what is good for them and that the Government needs to tell us what to do for our own good. Such an view however fatally undermines the whole ‘choice’ and ‘market’ agendas to which all the mainstream political parties remain wedded.**

moving an average recipient of incapacity benefits into work is £5,900, with wider exchequer gains (offsetting direct and indirect taxes paid with additional tax credits) raising this figure to £9,000.’

*Freud Report op.cit*

What seems at first a similar argument was put forward by Dame Carol:

‘The annual economic costs of sickness absence and worklessness associated with working age ill-health are estimated to be over £100 billion. This is

greater than the current annual budget for the NHS and equivalent to the entire GDP of Portugal’.

*Black Report, op cit.*

On examination however it can be seen that there are two distinct points being made. Freud is concerned with the cost to Government of benefits and Black with the costs to society of ill-health, including the ill-health of employed or working people which is reflected in sickness absence. Effectively moving sick people into employment without improving their health is likely simply to transfer the costs of sickness from the benefit system to statutory sick pay and private sick pay schemes. This addresses the problem seen by Freud but not that seen by Black.

The Black Report in fact makes a further interesting point:

‘Ill-health can also impair economic productivity even if it does not lead to immediate absence” and “When employees develop a health condition, it does not always lead to absence from work, but can lead to reduced performance on the job...One initial estimate for the UK [ a reference to a report from the Sainsbury Centre for Mental Health] suggests that, for those with mental health conditions, reduced productivity accounts for 1.5 times as much working time lost as sickness absence.’

*Black Report, op cit.*

This does suggest that the idea that people should not work unless they are 100% fit may not be quite as absurd as suggested. It also confirms that being in work is not a universal panacea. If work had the astonishing therapeutic effects claimed for it there would not be any sickness absence, but evidently this is not the case.

Taking these points together a quite complex picture emerges. Initially it was argued that getting sick people into work was a simple win/win proposition which would both improve their health and wellbeing and produce economic benefits for society. In reality this simple picture breaks down on examination. Attempts to reduce the costs of sickness may simply transfer them elsewhere. Work may be economically productive but not therapeutic or, more intriguingly, therapeutic but not economically productive.

## **Wider economic considerations**

Alongside the ‘work is good for you’ approach in the relevant period an entirely separate attitude to work was continuing a parallel existence. This was based on very conventional economic thinking. The example quoted here is from a report by the Institute of Fiscal Studies. Many other economists have said similar things.

‘Economists think about the disincentive effects of the tax and benefit system using a labour supply model. A basic labour supply model assumes that, when deciding whether and how much to work, people trade off the financial reward to working (plus any intrinsic benefits from working) with the loss of leisure time (by ‘work’ we mean ‘participate in the labour market’, rather than doing unpaid work at home or elsewhere).

*Mirrlees Review: Dimensions of Tax Design 2010 IFS*

This works on the assumption that ‘leisure time’ (i.e. anything other than work) is inherently desirable, which is obviously false. It is leisure activities, for which leisure is a necessary but not sufficient condition, which are desirable. The main point however is that this view sharply contradicts the one set out above. We are told both that work is “good for both physical and mental health and well-



being” (see above) and that people will do whatever they can to avoid it and need to be pushed into it by financial incentives or punishments. We are told both that “Worklessness is associated with poorer physical and mental health and well-being” (see above) and that people will seek out this state unless forcibly prevented. This second assumption underlies the whole regime of ‘sanctions’ for people deemed to be trying not to work; a regime which has been hugely extended since 2007.

It is possible to reconcile the two approaches by saying that people are too stupid to know what is good for them and that the government needs to tell us what to do for our own good. Such an view however fatally undermines the whole ‘choice’ and ‘market’ agendas to which all the mainstream political parties remain wedded.

It is fair to say that the authors quoted above do seem to have noticed the problem, as is evidenced by the reference to ‘intrinsic benefits from working’. This recognition does not however affect the argument in any way, but simply sits there, in brackets. It is a notorious characteristic of economists that they are sometimes capable of noticing when reality contradicts their postulates, but that when this happens they generally prefer the postulates.

Overall the position of the government is rather odd. It is quite normal for governments to follow abstract theories and reject reality. For a government to follow simultaneously two abstract theories despite their being in direct contradiction to each other is more unusual.

In practical terms however the contradiction is quite useful. If the objective is to move people towards work it can be argued simultaneously both that life on benefits is not good enough and that it is too good. The former is used to placate the disability lobby, and was in fact used in this way with surprising success for a surprisingly long time. The latter keeps the *Daily Mail* readers happy. This sort

of 'policy-based evidence' was characteristic of New Labour, though it has now been widely copied.

Let us now bring the last two points together. There has been a persistent fear that people will choose not to work and this has been a driving force behind the 'active labour market policies' described above:

'Experience has shown that without an effective intervention and support regime, cyclical increases in unemployment can too easily become permanent. The breaking of the link between benefit entitlement and active job-seeking in the 1980s, together with attempts to push people on to incapacity benefits, led to millions of people being written off, with no expectation that they should work again'.

*White Paper 2008 op cit*

One can see a quite serious attempt to claim that what happened to employment in the 1980s was affected in some way by choices at the individual level, although it is hard to think of any period when the dominant importance of macro-economic decision-making was more obvious.

There is a rather curious development of this story. At some point an idea appeared that people had once been able simply to choose to live on benefits if they wanted to, without any specific reason. This seems to be the basis of the reference to 'breaking of the link between benefit entitlement and active job-seeking in the 1980s' in the quotation above. As with many myths the origin is uncertain but it was included in the Freud Report:

'In 1982, with unemployment rising towards three million, the requirement to look for work while on benefit was removed entirely'.

Subsequently Liam Byrne MP, a man who can never see a Tory bandwagon going past without leaping aboard and trying to seize the reins, also used it:

‘Back in 1983, Mrs Thatcher, faced with unemployment rocketing up beyond 3 million people, ended the obligation to work if you could. The result was high unemployment that lingered for years’.

*Liam Byrne Speech to IPPR February 2011*

Politicians of all parties continue to make references to this supposed past state of affairs down to the present day.

Unsurprisingly, the whole thing is a complete fiction. The story probably originates in an administrative decision in the early 1980s to suspend fortnightly signing on because of the huge burden of numbers. However, the legal obligations to sign on and to seek work are unconnected. These particular points are concerned more with unemployment than incapacity and may be regarded as something of a diversion. However, the theme of ‘active labour market policies’ is a common one. Policy in both areas is driven by a huge overestimation of the impact of decisions made and actions taken within the Social Security system on levels of unemployment and incapacity.

Returning to the main point we can now summarise the position so far and say that we have three reasons for getting people off incapacity benefits and into work: because it is good for them, to save money and to protect the rest of us from being exploited by the workshy. It will be seen that in all this there is no employment theory; no sense of what work is actually for. This is the next point to address.

## What is work for?

As shown above various reasons have been given for getting people into work in various situations. It worth going back a little however and asking: why work at all? Why is work a fundamental part of our society?

The answer is quite simple. Work (i.e. paid work) is essentially economic activity; the creation of goods and services. It is not a form of welfare, it is not a form of therapy and it is not a punishment. It can of course be used in any of these ways, rather as a stiletto heel can be used to hammer a nail into a wall. It does not do the job very well, however, and it is not very good for the shoe either.

This perspective does not seem to be included in the policy debate at all. As suggested above employment policy has been entirely subordinated to welfare policy. Getting people off benefits is seen as an entirely adequate reason for getting them into work, without any consideration of what they are going to do when they get there.

It is interesting to ask why our governing class has this curious blind spot and seems, in fact, to have no concept of what work is at all.

It has often been pointed out that few MPs these days have ever done a real job, and this is a relevant factor. Probably more important however is the fact that they tend to draw their ideas of the real world of work from people like bankers and company chief executives; people, that is, for whom work really is a form of welfare and whose remuneration packages represent straightforward redistribution from poor to rich, only nominally disguised as payment for work done. Starting from this point the idea of labour as a factor in production must be rather hard to grasp.

**This is a very New Labour and indeed Blairite idea. If we are worried by the large number of sick people in the country we can simply pass a law saying that they are not sick any more. One might describe this as Tinkerbell politics. The assumption is that if we want something to be so we can make it so simply by saying so loudly enough. Saying people are capable of work will make them actually capable of work and then, by some subsequent natural process, get them into work**

The people who will have a more realistic viewpoint will of course be employers. When considering whether to employ people the idea of helping the government out by getting people off benefits will be irrelevant to them, unless they are given direct financial incentives. When considering whom to employ they will continue to choose people who can actually do the job, in a reasonably competent and reliable manner. The fact that a person who was previously

defined as incapable has now been legally redefined as fit for work will be of no interest to them.

Obviously one cannot simply leave everything to employers, who tend to be excessively risk-averse. There are many perfectly capable people who, without disability discrimination legislation, would be excluded. This might be because of prejudice, for example where they have some long past history of mental health problems, or because of laziness, where some quite minor adaptation is needed. It is entirely justifiable to force employers to take on some people about whom they might have reservations.

With all these qualifications, it remains the case that it is reasonable for employers not to want to employ people who cannot do the job, or cannot do it very well or for very long, or who are likely to have very frequent sickness

absences. It is a striking fact that the classes of people whom the government is most anxious to take off benefits for incapacity overlap very largely with those whom no rational employer (in either the public or the private sector) would want to take on. There are various ways to respond to this fact (e.g. through direct subsidies for employing people who would benefit from working but whose capacities are limited) but it seems unlikely that simply ignoring it can be the right one.

Taking this analysis a little further, one does not have to be a Marxist to see that where someone employs someone else it is to make a profit out of it; that is, because there is an expectation that what they produce will be worth more than the cost of employing them. This understanding becomes confused by seeing work as a form of welfare, and still more by the further confusion of believing that an employer is a sort of benefactor. The idea that 'creating employment' is a government objective leads directly to the belief that a person or company which 'creates jobs' is performing a public service rather than pursuing their own economic interests. This provides the background for addressing more directly the changing attitude towards incapacity for work embodied in the replacement of Incapacity Benefit by Employment and Support Allowance.

## **4. The coming of the ESA**

"Professor Paul Gregg's Review was published last week. This White Paper confirms our support for his vision of a welfare state where virtually everyone is either looking for work or preparing for work"

*White Paper 'Raising expectations and increasing support: reforming welfare for the future' 2008, Ministerial foreword*

## The Concept of ESA

The government implemented these ideas by introducing new legislation eliminating the concept of being too ill to work. Incapacity no longer exists; even a person in a persistent vegetative state on a life-support machine only has 'limited capacity for work' in the new Employment and Support Allowance system. Even for people who are accepted as having limited capacity for work the assumption is that this will be a temporary situation.

The intention was that large numbers of people (the figure of a million was quoted at times) who had been entitled to IB would not be entitled to ESA. The justification was either that they were not really ill at all or that although ill they could still work. These two justifications were never distinguished very clearly but were directed at the two target groups mentioned above (section C3); the popular press and the disability lobby respectively.

The means of achieving the objective was to replace the 'descriptors' used for IB by a new set of descriptors which require a much higher level of disability to satisfy.

This is a very New Labour and indeed Blairite idea. If we are worried by the large number of sick people in the country we can simply pass a law saying that they are not sick any more. One might describe this as Tinkerbell politics. The assumption is that if we want something to be so we can make it so simply by saying so loudly enough. Saying people are capable of work will make them actually capable of work and then, by some subsequent natural process, get them into work.

Before proceeding with the general argument it may be useful to look at the Employment and Support Allowance criteria in a little more detail. There has been a great deal of press coverage of these, but mostly in vague terms of 'over-

hauling' or 'tightening up' the system. It is necessary to look more precisely at what sorts of people are actually being found to have unrestricted capacity for work under present rules.

As a preliminary point, the issue here is not the quality of ESA examinations, which is universally accepted as exceptionally low. These are the responsibility of a private company called Atos Origin which is being paid £500m of taxpayers' money for them over the next 5 years. The popular reputation of the people doing these examinations is so low that one must almost feel sorry for them. They are generally represented as a group of moonlighting nurses, totally unqualified for any sort of diagnostic assessment, supplemented by a small number of doctors, often of foreign origin, who would find it virtually impossible to get or keep a job in real medical practice. No doubt there is an element of exaggeration here, though the fact that the success rate at appeals remains persistently at about 30-40% is notable. The real point however is that even if all the assessments were done by doctors of unquestioned competence and total integrity the results would still be absurd if the tests themselves were absurd.

This is an important point. Criticism of the ESA system, from the Labour opposition among others, focuses very heavily on the defects of Atos. The reality however is that these defects tend if anything to mitigate the failings of the system. If the technical quality of the examinations were higher their outcomes would be equally perverse, by real world standards, but they would be harder to overturn on appeal. The real source of the problem lies in the Regulations themselves, not in the people administering them.

## **The operation of ESA**

The examples given below are drawn from the amended version of Schedule 2 to the ESA Regulations 2008, which came into effect in March 2011 following



an internal DWP review in 2010. This review sets out the thinking behind ESA much more clearly and honestly than anything produced at the time of the original legislation and is quoted from here extensively.

In the Regulations there are various categories of disability. You can score different numbers of points in different categories but to qualify you need to score at least 15 in total. If you score less than 15 you are regarded as fully capable of work; i.e. able to sign on for JSA and seek work in the normal way without needing any special support related to a disability.

Let us consider sight first:

‘Descriptor 8: Navigation and maintaining safety, using a guide dog or other aid if normally used’.

A person who can ‘navigate safely’, even in unfamiliar surroundings, will score no points. It will be seen that even a person who is totally blind can be taken to have no limitations on their ability to work. This is not an accident. It was a deliberate amendment to the previous version of the Schedule, justified as follows:

‘Removing the top descriptors in each activity: cannot speak at all, cannot see at all and cannot hear at all, from effectively automatic entitlement to benefit, prevents transmission of the message that individuals with such impairments inherently cannot work’.

*Internal review of the WCA 2010 para 4.3.3*

Next consider mobility:

‘Descriptor 1: Mobilising unaided by another person with or without a walking stick, manual wheelchair or other aid if such aid can reasonably be used’.

It will be seen that being confined to a wheelchair does not make one incapable of work. In fact a person in a wheelchair who can regularly cover at least 200 metres in it will score no points at all. As pointed out above this could be the case even if they were also totally blind. Both these descriptors have in fact been further amended more recently so that even a person who does not have a wheelchair or a guide dog can be awarded no points if in the assessor's judgment they could use one. Other examples of people fully fit for work would be someone who cannot use a pen or pencil to make a meaningful mark (descriptor 5c – 9 points), someone who cannot pick up and move a one litre carton full of liquid (descriptor 4b – 9 points) or someone who has some difficulty conveying a simple message to or understanding a simple message from a stranger, or both, due to sensory impairment (descriptors 6c and 7c – 6 points each).

Equally interesting are the mental health descriptors. Consider the following two:

'Descriptor 13c: Frequently cannot, due to impaired mental function, reliably initiate or complete at least 2 personal actions.'

'Descriptor 15c: Is unable to get to a specified place with which the claimant is unfamiliar without being accompanied by another person'.

One might think that each is a description of someone who is effectively unemployable. In fact however even a person who satisfied both would be found fit for work as they would get 6 points for each. It is worth repeating that this does not mean that it would be thought that they might be found some sort of work with support. It means that they would be expected to go and sign on for a normal job at a JobCentre now. If (as seems quite likely) they were unable to do this they would be 'sanctioned'.

Another quite striking one is:

‘Descriptor 17c: Occasionally has uncontrollable episodes of aggressive or disinhibited behaviour that would be unreasonable in any workplace’.

The benefits of employing such a person might seem questionable. Indeed, someone who applied for a job and honestly put down in the health section of the application form that as a result of a mental health condition they threw bits of office equipment at people or out of the window from time to time, or took their clothes off and masturbated in front of colleagues, might feel it unnecessary to keep the interview dates free in their diary. Nonetheless, they would score only 9 points and would be fit for work. A striking implication is that a person could be liable to be detained and treated compulsorily in hospital under the Mental Health Act but could still be found fully fit for work.

For further examples the reader is referred to the Schedule. It will be seen that at every point people who by normal standards would be regarded as very seriously disabled score insufficient points or, in many cases, no points at all. Anyone reading carefully through Schedule 2 to the ESA Regulations will quickly find themselves wondering whether any politician or any journalist writing about Social Security has ever done the same.

## **The conceptual underpinnings of ESA**

There are two important aspects to the thinking behind this, illustrated in the recent internal review of the WCA referred to above. The first derives from the obvious fact that some seriously disabled people (including blind people, people in wheelchairs etc) actually do work. From this it can be argued that for any condition, as long as at least one person with that condition can be found, or imagined, who is able to work, it follows that that condition is not incapacitating and consequently that it cannot make anyone incapable of work. One might speculate as to how far this principle can be pushed. Stephen Hawkins? Jean-

## Dominique Bauby?

This approach is of course absurd. The correct way to establish whether a person is medically incapable of work is to look for a causal connection between their medical condition and the fact that they are not working, as set out at section B1 above.

The second aspect is more fundamental. It is illustrated above and more clearly in the following words from the internal review of the WCA previously cited:

‘On this basis the LCW [Limited Capability for Work] criteria should be developed to write individuals into, rather than out of, employment’.

*Internal Review of the WCA 2010 para 4.10.3.*

These are aspects of what was earlier called ‘Tinkerbell politics’, the idea that words can change facts. The idea of ‘writing people into employment’ is particularly disturbing. At first sight it looks simply stupid, but on examination it is actually delusional. At the individual level a person who believed that simply by writing words on a bit of paper they could change reality would certainly be given a psychiatric diagnosis and probably be offered treatment. This may seem rather extravagant language and it may be helpful to illustrate the point with an example. Consider a woman who has worked all her life but is then blinded by an illness or accident and never works again. We might ask ‘Why is she no longer working?’ In what one might call the real world virtually everyone would answer ‘because she has gone blind’. To answer ‘Because the benefit system has transmitted the message that individuals with such impairments inherently cannot work’ would be regarded as bizarre to say the least. One might say that the point of official discourse about ESA is to create a sort of parallel universe in which this sort of statement makes sense.

It was suggested above that this sort of thinking was a New Labour construct, but it can perhaps better be seen more generally as a typical product of the first decade of the current century. For a time it seemed almost universally believed that it was possible to change reality by a simple act of will. It is an interesting fact that Lord Freud was originally a successful PR practitioner and it is understandable that for him turning the chronically sick and disabled into healthy productive members of society was essentially a rebranding exercise. The point about 'rebranding' of course is that it does not depend upon any change in the actual product. There are also parallels with the bankers' belief that the creation of value is a paper exercise, which can suggest a comparable belief about the creation of health. More generally one can see the invention of ESA as an example of the 'bubble' mentality characteristic of the period.

This is all rather speculative, of course, and in any event the wave of hysteria generated by Freud and his political backers carried away quite a number of otherwise reputable academics and clinicians.

An early example would be Professor Paul Gregg whose 2008 Report was quoted in the White Paper (see above):

'The Review sets out a radical and ambitious vision for a single personalised conditionality regime where virtually everyone claiming benefits and not in work should:

- Be required to engage in activity that will help them to move towards, and then into employment; etc'.

*Gregg report 2008 'A Vision for Personalised Conditionality and Support*

The idea that for virtually everyone, however sick or disabled, there will be

some form of activity that will (emphasis added) move them towards and into employment is a classic illustration of the sort of delusional thinking described above.

A later example would be the first Harrington Report into the operation of the Work Capability Assessment. Professor Harrington is a respected academic and his reports are in many respects excellent, making cogent points about the weaknesses of the present system and useful suggestions for improving its operation. Nonetheless, he said:

‘The review recommends that training offered by the Chamber President to Tribunal Judges and medical Members should include modules on the evidence of the beneficial effects of work to an individual’s well-being’.

*Harrington Report 2010 ‘An Independent Review of the Work Capability Assessment’*

The impropriety of this recommendation is quite remarkable and it was rightly given short shrift by the judiciary. The underlying logic is perhaps even stranger. It is suggested that Tribunals should decide that people are well as this will have the effect of putting them into work which in turn will make them well. The fact that this sort of reasoning can be put forward in all seriousness in an official report by a government advisor suggests that something has gone badly wrong with the decision-making process.

At this point it may be useful to comment briefly on changes between the New Labour and subsequent Coalition governments. As stated above there has been absolute continuity in terms of concrete policy but there have been interesting changes in the language used to talk about ESA.

From the Blairite point of view the poor and the chronically sick and disabled

did not really fit the 'New Labour, New Britain' brand. They lowered the whole tone. It was felt that they should not exist and hoped that wishing them away would make them disappear. Language used about members of the rejected groups was however generally vaguely benevolent.

It was the obstinately continued existence of poverty and sickness in defiance of the public will which led to the recent outbreaks of rage and resentment against people in these situations which the current Government has so ably orchestrated. It should not be taken as an excuse for the politicians but this sort of rage is a natural consequence when beliefs founded on delusions come into conflict with implacable reality.

**From the Blairite point of view the poor and the chronically sick and disabled did not really fit the 'New Labour, New Britain' brand. They lowered the whole tone. It was felt that they should not exist and hoped that wishing them away would make them disappear. Language used about members of the rejected groups was however generally vaguely benevolent**

In order to convert rage about a situation into rage against people it was necessary to perceive receipt of benefits as a permanent characteristic of a particular group (the 'underclass') rather than a phase in the life of most people. It is this presentational development rather than any change in substantive policy which has led to the ferocity of the current discourse about benefits.

Comparing the New Labour and Coalition approaches to Social Security one is tempted to say, with deference to Marx' famous aphorism, that this is one of those historical events which occurs twice; the first time as farce and the second as tragedy.

At this stage we can begin to move to some conclusions.

## 5. Conclusions

At a basic level it is safe to say that simply repealing the Welfare Reform Act 2007 and all the Social Security legislation passed since (and quite a lot passed between 1975 and 2007) would improve the situation considerably. The previous Incapacity Benefit system was not perfect but it was, to use a familiar expression, 'good enough'. The current system is not good enough.

It needs to be accepted that the quest for a precise and objective test of medical incapacity for work is a wild goose chase. A person's medical condition is only one aspect of their general employability, which will also be affected by other factors both intrinsic (age, education, intelligence and other abilities etc.) and extrinsic (the general economic situation, national and local).

It also needs to be accepted that against this background one should always lean in the direction of finding people incapable of work rather than capable. The reason is quite simple. If a person who wholly or partly because of ill health has no prospect of getting or doing a job is found fit for work it does them real harm. On the other hand finding a person incapable of work when they may not be does no harm since as discussed earlier such people will continue to look for work and in propitious circumstances some will find it.

An additional point which needs to be mentioned though it cannot be developed here is that we need to move towards a formal system for early retirement on ill-health grounds. This is part of a general policy of facilitating people's movements both into and out of the workforce. Early retirement is particularly important as it would redress the class imbalance in the National Insurance system. The current policy of progressively increasing retirement ages generally is not necessarily unjustifiable in itself but it reinforces the existing bias in favour of middle and upper class people, who tend both to live longer and to enjoy better health.



## The Role of the State

An implication of the arguments above is that Governments tended to over-estimate dramatically their impact on individuals. There seems to be a view not only that if a person is officially described as well it will make them well but also that if some bureaucrat tells someone that they are medically incapable of work they will immediately feel 'written off' and sink into apathy and despair. Life is not actually like that.

Similarly recent government have all loved the idea of an 'active' approach to benefit recipients in the belief that this gets people back into work. Experience however suggests that most unemployed people and some sick or disabled people get themselves back into work fairly quickly and that the only effect of the various government schemes is to ensure that whenever this happens some private company will be given several thousand pounds of taxpayers' money. There is considerable reluctance among political parties to admit this. It is now generally accepted that the 'Work Programme' is a waste of time and money but the conclusion generally drawn is that government should set up some alternative scheme that will do the same job better and more cheaply. The idea that micromanaging the lives of poor people might not actually be a proper function of government at all seems to be completely off the agenda.

Taking this a little further, the conclusion that state interventions are basically irrelevant may be rather too generous. Certainly unemployed people have to waste a lot of time applying for jobs they have no hope of getting and going on useless training courses and this must reduce their chances of returning to work to some extent. For those with health problems, particularly mental health problems, the situation may be still more serious. Informal observation suggests that contact with the DWP, and still more its sub-contractors, is the reverse of therapeutic. The DWP is in fact a pathogenic organisation. Contact with it makes people sick and the closer and more frequent this contact is the sicker it makes

them.

This does not of course mean that helping disabled people who are outside the workforce back into it is either wrong or impossible. A system genuinely designed to assist members of this group who want this sort of help and are able to use it would be an excellent idea. If such a system were to be effective however its objectives would have to be defined without any reference to the benefit system whatsoever. It is a good general principle that trying to pursue two different objectives simultaneously is a sure path to failure. The fact is that helping disabled people into work and reducing benefit expenditure are two distinct aims, not two aspects of a single one.

Having expressed these doubts about the role of government we may now ask where responsibility for management of an incapacity benefit system should lie.

## **Clinical Aspects**

The decision to advise a person not to work is essentially a clinical one and should be taken by whoever is responsible for the person's care and treatment. It should be informed by a knowledge of the person's whole situation; e.g. whether they already have a job, and of what sort, what job they might reasonably expect to get etc.

We have a network of General Practitioners in this country (with access to advice from specialists) whose contractual obligations include the issuing of medical certificates and whose general responsibilities include advising people on various lifestyle matters such as diet, exercise, drinking and smoking and working - or not in each case. It is pretty safe to assume that if a person thinks they are too ill to work and the clinicians treating them agree they probably are. Whatever else may have happened in the NHS over the last 30-40 years there

is little doubt that the quality of general practice has improved immeasurably. GPs are paid over £100,000 pa on average and it would seem reasonable to use this expensive resource which we already have rather than paying for a parallel system using people who are less well qualified and have access to much less information about the individual.

There is another interesting thought for consideration. At present GPs are being given a much wider range of clinical responsibilities than ever before. The government has also decided that GPs are the best people to run the NHS, and is entrusting them with control of an £88 billion budget to this end. It seems odd that it does not trust these same people to say if their own patients are well enough to work.

When one asks why GPs are being sidelined in this way two answers are generally given. The first is that they will be under pressure from patients to give them certificates, and supporting statements. No doubt this can happen, but it is the GP's responsibility to tell the patient the truth, not what they want to hear. Many patients press GPs to issue unnecessary prescriptions, for example, and this can be a problem. We do not address it however by setting up a parallel prescribing authority alongside general practice. Similarly GPs are expected to tell patients things that they will not want to hear in relation to lifestyle issues but we regard this as part of the job.

Underlying all this is a fear about 'malingering'. This can happen, of course, but common sense suggests that it will be far more common among employed people. 'Throwing a sickie', where one can be paid for being ill, is obviously a much more attractive prospect than giving up work, and the pay that goes with it, completely. It is curious that the levels of public and political concern about the latter are so much higher. In general, the idea of people pretending to be ill because they prefer living on benefits to being in employment has an extraordinarily strong hold on the popular imagination given its inherent improbability

and its lack of factual basis. The significance of this sort of myth is discussed briefly below.

The other reason sometimes given for not using GPs is that there is a difference between the 'functional' assessment done for ESA purposes and a diagnostic assessment done for clinical purposes. This distinction is largely nonsensical. One cannot do a 'functional' assessment of the effects of a condition without some understanding of the condition itself. If for example an ESA assessor fails to notice that the person they are examining is a paranoid schizophrenic (a not uncommon occurrence) they are unlikely to be able to reach a reliable view of their functioning. Insofar as there is a distinction between different types of assessment the narrowly focused tick-box type done for ESA is inferior for all purposes.

Even if the primary responsibility for advising people not to return to work were transferred back to GPs the DWP could still retain its own capacity for conducting examinations in genuinely puzzling cases. The doctors used would however have to be of higher calibre than anyone working for Atos on ESA examinations.

This leads on to the rather more general point that the level of clinical understanding involved in the creation of ESA was extraordinarily low. There was a persistent tendency to attribute to the benefit system things which are natural results of illness. As an obvious example, numerous politicians have repeated that a person who has been on Incapacity Benefit for two years is more likely to die than to return to work. This is of course part of the natural history of illness. If you have an illness and have not recovered in two years the chances are that you never will. Some illnesses (multiple sclerosis, motor neurone disease, Parkinson's disease etc) are progressive and the only question is how fast you will deteriorate. In other cases (stroke, heart attack, cancer etc) people can recover but if they do it will usually be within well under two years. There

are of course situations where people make a complete recovery after a very lengthy illness (frequently where they have been waiting for surgery such as a hip replacement or cataract removal) but these are the minority.

The situation is similar where mental health is concerned. People can have dramatic psychotic or depressive episodes and make complete recoveries but the longer the episode lasts the less likely this becomes. For many people with schizophrenia, for example, the objective of treatment is to maintain the person in the community and to reduce the frequency and duration of relapses requiring hospitalisation. Nobody is seeking a 'cure'.

In this context the absurdity of the idea of 'a welfare state where virtually everyone is either looking for work or preparing for work' (see D above) becomes apparent. There are many sick or disabled people who are never going to get better and who are extremely unlikely ever to return to work. It is possible for a government to deny their existence but this will not actually make them go away.

Under the old Incapacity Benefit system everyone found unfit for work had been individually examined by at least one doctor and frequently several doctors, including some working for the DWP. This created a huge evidence base. The government found the conclusions emerging from this unacceptable. The whole ESA episode arose from the belief that rejecting reality could change it.

## **Economic Issues**

Going back to the Freud Report, the fundamental purpose of the benefit changes was to increase the proportion of the working age actually in work, although this was already very high by international standards:

'On international definitions, the UK has the highest employment rate of any

G7 economy and indeed one of the highest rates in the world’.

*Freud Report (op cit)*

The report proposed increasing this rate from 74.5% to 80%. No particular reason was given for increasing it by this amount, or at all. In effect it seems to have been accepted by all political parties, at that time and since, that having more people in work was good in itself.

As argued above concern about employment has entirely displaced concern about output in political discourse. We have seen a pattern over recent years of national output going down while levels of employment go up. The government always implies that the latter compensates for the former. This leads to debate about whether the figures are misleading because, for example, full time jobs are being displaced by part time jobs.

Even if one takes the figures at face value, however, the government’s position can be summarised as ‘We may be getting poorer, but at least we are getting less efficient’.

**Lack of concern for efficiency and productivity is an inevitable consequence of seeing work as an end in itself rather than a means to an end**

Lack of concern for efficiency and productivity is an inevitable consequence of seeing work as an end in itself rather than a means to an end. There are of course very real questions about the measurement of GDP and about the use of output as the sole measure of social wellbeing but whatever the means of measuring GDP and whatever its ideal level it must surely be better for a society to achieve this level with less rather than more work. Just as any normal person would rather work 6 hours a day than 8 hours a day for the same pay so one

would think that for any level of output any rational society would rather produce it with 60% rather than 80% of its population working at any time. This is not however the way in which either governments or people in general think at present. It seems to be assumed that the 80% employment rate is better whether or not the extra 20% produce anything.

The reasons for government's focus on employment rather than output is unclear but may derive from an ideological objection to redistribution (see section A2 above). There is also a strong public ambivalence about measures to improve productivity and efficiency. Between the 1930s and the 1960s (see section A1 above) there was an expectation that improved productivity would produce widespread benefits in the form of reduced working hours, longer holidays, earlier retirement etc. The current expectation however is that increased productivity would lead to mass unemployment, with those still employed working at least as long and as hard as at present, without any increase in earnings, and given the present disposition of political forces this is an entirely rational fear.

Unemployment is one of the things which people most fear. The financial loss from not having a job is always real and usually major (except for people at the very bottom end of the labour market). The psychological and health damage from unemployment is also real, however questionable some of the conclusions drawn from this fact may be. It is true that in answers to opinion polls many working people describe being unemployed and on benefits as being a desirable and even enviable situation but few if any of these people have any wish to be in that situation themselves. Although therefore in principle increased productivity must offer potential benefits for the whole of society public lack of enthusiasm for the idea is understandable.

It is also understandable that the lack of any government policy for increasing efficiency or productivity over the last 35 years has not led to any public

criticism. Governments only use the word 'efficiency' as a euphemism for public sector cuts which makes a cynical response inevitable. For all these reasons the publicly declared aim of getting more people into work has had a generally positive response.

It can be seen however that this reaction is a response to a particular set of government policies. In a broader context increasing the proportion of the population in employment is not, as is often supposed, self-evidently beneficial.

Rationally some reason must be given in each case for getting the person into work. The most common reason will be that by working they will help to produce goods or services with an economic and social value. Even if this is not the case one might justify getting a person into work because it will be therapeutic for them, or even because they will enjoy it. This makes it more striking that the main targets of ESA are people who are unlikely to be able to work productively and for whom the effect of trying will probably be to make them even more sick and miserable.

## **The purpose of ESA**

At this point it is worth standing back a little and asking a quite fundamental question. What exactly is ESA all about?

Traditional benefits were reactive. They started from the position that some people were too sick or disabled to work, or to work effectively, that others were unable to find work or were prevented from working by family circumstances etc and addressed the problems resulting from these situations. The current official belief is that benefits are an active force and can actually change these underlying realities. Unsurprisingly there is much debate as to how Governments can believe something so seemingly absurd.



The conventional view, held by most people working in the field, is that it is a cynical scam directed against the sick and disabled. On this view the aim is to move sick people from incapacity benefits onto Jobseeker's Allowance. This has the immediate effect of reducing their incomes. Because of the huge burdens placed on unemployed people to prove that they are seeking work sick people are unlikely to be able to cope with the system and are particularly liable to be 'sanctioned', meaning that their benefits will be reduced further or withdrawn completely. At the same time the number and identity of the people actually in work, which are determined by the demand for labour, will remain unchanged.

This interpretation is logical, consistent and compatible with the evidence. There is however an alternative one.

It may be that British governments have a genuine commitment to the idea of low-pay, low-skill, low productivity mass employment. There are already plenty of jobs in the economy which are economically viable only because of public subsidy through benefits or tax credits (or, under the new system, Universal Credit). Many of these are important jobs which should be better paid. The present system does also however offer scope for giving notional employment (or self-employment) to people who are able to do very little and who will continue to get the great bulk of their income through the benefit system whether nominally 'employed' or not. Some of these people will get psychological benefits from 'working'; for others the effect will be the reverse. Arguably the idea of expanding this sort of 'presenteeism' is a real and viable one.

No attempt will be made here to say which interpretation is 'correct'. Obviously at the individual level declaring a person fit for work through the ESA system will do nothing to get them into work. Perhaps however if ESA becomes established it will become part of a general attitudinal shift based on breaking the link between the status of being employed or self-employed and the ability to

do actual productive work.

One must however keep alive the possibility of doing the exact opposite. The idea of society being divided between one group of people doing highly productive work which they enjoy and other groups doing other worthwhile things, with the opportunity to move between different groups at different points in one's life, is now almost forgotten. This however is a matter of fashion. The underlying concept is as possible, and as attractive, as it was in the 1960s.

Although the development of political policy is often presented as a rational one working from defined objectives to means to achieve these ends this is rarely what actually happens. Policies are frequently expressions of ways of looking at the world rather than worked out ways of bringing about change. The significance of policy developments can often be understood only with hindsight. Social Security is one of the areas where understanding what is going on is a matter of psychology rather than politics as normally understood. This raises much wider issues which will be considered briefly in the final section of this ebook.

## **The reality principle**

Social security is a policy area dominated by myths and fictions. It appears from polling evidence that very large numbers of people believe that much unemployment is voluntary or self-inflicted, that most unemployment is long-term, that many sick people are not really sick, that benefit incomes are high relative to incomes from work and rise consistently faster, that large numbers of people come to this country from the EU or elsewhere to claim benefits and are able to do so, that the British benefit system is more generous than those elsewhere in Europe, that a high proportion of benefit claims are fraudulent etc. Conversely many people seem unaware that the benefit system is mainly a service for retired people and, after them, for working people or, more specifically, that ben-

efits such as Housing Benefit can be claimed by people both in and out of work. Curiously the introduction of Universal Credit, which is intended quite specifically to cover working and non-working people alike, has done little to shake these preconceptions, either among the general public or among the Ministers responsible for it.

It is interesting to ask where these myths and fictions come from and why they are influential.

A common answer is to blame the press. This however is a superficial explanation. Press stories about benefits are perennial. Back in the 1970s the Murdoch press in Britain was running regular stories about people from the EU (mostly Spain and Italy in those days) coming here to claim benefits while at the same time Murdoch's Australian papers were running stories about British 'Dole Bludgers' going there to claim benefits. This was generally seen as 'silly season' reporting. The question is why such stories have more traction at some times than at others.

**The Labour Party is being urged insistently by Tony Blair's followers to accept the Coalition story about social security as rejecting it would be politically fatal. We see a curious situation in which founding a policy on reality would be seen as woolly-minded idealism while founding one on myth is seen as hard-headed realism**

The simple and obvious answer is that the responsibility lies with government. When a government explicitly endorses a Social Security myth, or acts as if it were true, people tend to believe it. As an obvious example, nobody thought that Incapacity Benefit was a problem until the government set up the Freud Committee to make it one but now few people question that 'something needed to be done' about incapacity benefits. Similarly some of the craziest ideas in

the latest set of benefit changes, such as the 'benefit cap' and the 'bedroom tax' have gained credibility and an appearance of rationality simply by being enacted.

Despite the fact that they are largely responsible for creating them politicians are very hesitant about challenging Social Security myths. The Labour Party is being urged insistently by Tony Blair's followers to accept the Coalition story about social security as rejecting it would be politically fatal. We see a curious situation in which founding a policy on reality would be seen as woolly-minded idealism while founding one on myth is seen as hard-headed realism.

This paradox in fact goes rather deeper than that. At the heart of the New Labour project is a rejection of external reality, though this of course appears as an attitude of mind rather than a worked out philosophical position. An example given above is the belief that by changing the legislation it is possible to 'write people into employment'. It is perhaps not too fanciful to see a resemblance between this idea and the belief that it was possible to write Saddam Hussain's weapons of mass destruction into existence. This in turn relates to the beliefs expressed by American neo-conservatives of the Bush era that it was unnecessary to study or analyse reality because America was an imperial power and could create its own reality.

Taking all these points together we can begin to understand a situation where politicians see opinions about reality as intransigent and unchallengeable but reality itself as at best irrelevant or, at the extreme, infinitely malleable. To coin a phrase; 'Facts are free; opinion is sacred'. Social Security is one of the main areas where this is the dominant attitude but there are many others, notably criminal justice, immigration and drug policy.

At the same time however there are other equally important policy areas which remain reality-based. Consider climate change for example. There is

now a broad consensus that global warming caused by human activities is happening and threatens catastrophic consequences. Various things have been proposed to avert these, none very appealing in themselves to most people. There is no political argument however that this means that nothing should be done. Public reluctance is seen as a problem, not an answer. There are of course people who do not believe in global warming but their position is to question the science. There is nobody who agrees that global warming is happening, and will have the expected effects, but then says that we should act as if it were not because the idea is unpopular, or that we can make it go away by changing some legal definition of 'warming'.

Another example would be the effects of an ageing population. There is a consensus view that the number of elderly people needing care will continue to increase over the next few decades and will create substantial extra costs. There are various possible ways of meeting these costs, all very unpopular. Nonetheless, nobody claims that the problem can be wished away.

One might imagine a government passing legislation defining 'need for care' in such a way that a disabled old person only fitted into this category if they were both doubly incontinent and so demented that they could not remember their own name. It could then argue that the number of people needing care had been hugely reduced and the financial problem solved. It seems unlikely that the public would accept this. It would be pointed out that whatever the law might say in fact disabled older people still needed as much care as they had before.

What is puzzling is why an approach which would seem manifestly absurd when applied to older sick and disabled people can be broadly accepted when applied to younger ones. As discussed above Governments, their advisors and many other people do seem to believe that simply redefining 'incapacity' in law can actually increase people's capacities in real life.

A very speculative explanation is that we tend to base political judgments on reality where we identify or sympathise with the people affected. We are more willing to rely on myths, or to believe that facts can be changed by simple acts of will, when we are dealing with people we are inclined to dislike, such as criminals, drug addicts, claimants, Council tenants etc. One is reminded of John Major's famous 1993 statement about the criminal justice system; "Society needs to condemn a little more and understand a little less". Behind this is a sort of assumption that by understanding people or their situations we are doing them a favour. In fact, of course, by understanding anything we do ourselves a favour.

Returning to the original question of benefit for sick and disabled people what one sees in mainstream political discussion is not so much a failure to understand what is happening as a refusal to see any need to understand. Examination of our present society suggests that it is deeply divided and unequal with people at the bottom of the distribution suffering high levels of poverty, insecurity etc. These factors are known to cause ill health, and it appears that people in this country are already less healthy, physically and mentally, than one might expect given the objective resources available to us. As a result of current political trends inequality and its consequences are increasing and ill health is therefore also likely to increase, which will have predictable effects on the health, social security, social care and other related services.

It is of course quite legitimate to dispute this analysis on the basis of evidence. This is not however what seems to be happening. Instead mainstream political debate seems to be starting from some wholly different point and to be following a different agenda operating in the realms of appearances and symbolism rather than reality.

Perhaps we can conclude with some general remarks about politics. Any

political programme is basically about getting from A to B, where A is where we are now and B is where we want to get to. There are major political differences about where B is. Even among people who are broadly on the same side we see that some know exactly where B is and want to get there as fast as possible by the most direct route. Others are prepared to go more slowly by a circuitous route, or doubt the possibility of getting to B at all and are prepared to settle for getting somewhere close. Others again do not know where B is but know roughly what direction it is in and are happy to go in that direction. These are the disputes between idealists and pragmatists which we are familiar with and which can be interesting and productive.

All these disputes are however irrelevant if the basic problem is that we do not know where A is. Any attempt to plan a journey must start by identifying our current position on the map. If we cannot do that our chances of getting anywhere are not good. Perhaps Social Security is the policy area where the position of A is most mysterious.

#### NOTE

*The original version of this paper was given as a talk to the South East London Fabian Society in May 2011. It has been revised and expanded considerably since in response to comments and discussions there and subsequently. Some reference has been made to more recent developments in the social security field (particularly since the last General Election) where these help to advance the argument but the paper should not be taken as a guide to the current Social Security system in any practical sense.*

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