

# (MIS)MANAGING SOCIAL SECURITY IN THE UK: NEOLIBERAL WARNINGS FOR BRAZIL<sup>1</sup>

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#### **Abstract**

In this opinion paper, we seek to raise problems that a social security neoliberal/privatised welfare benefit system could and did face. We do so, by pointing examples from the United Kingdom (UK) to outline the problem of a free market-based dependency on the payment of welfare benefits and both private and State pensions. Beginning with the concept of neoliberalism, we examine the problems surrounding the creation and enactment of the Youth Training Scheme (1983), especially as they relate to youth employment policies from the 1980s to the ongoing but dissipating 'Kickstart' proposals, the geographical and situational displacement that occurred within and without the paid labour market (PLM), by an examination of the difficulties encountered by the gradual introduction of the New Deal Scheme (1998-1999) and its perverse incentive to employers, and, also, the relatively successful but short-lived Future Jobs Fund (2009) with its transference of—conditionality—from employees to employers. Through the use of Hansard Report (of all Parliamentary debates), this article is based upon the examination of past and present government Green and White papers to help substantiate how social policies evolve. More poignantly, such an examination of papers helped to reveal both the thought process behind the legislative proposals and the intent/aim of whichever government was trying to enact them. Facts and statistics were gathered from evaluation reports after such papers were passed into legislation. Independent analysis from the Office of Budget Responsibility (OBR), the Institute of Economic Affairs (IEA) and the Institute of Fiscal Studies (IFS) was gathered to give quantitative substantiation to the case at hand. By way of a supplementary analysis,

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independent think tanks, expert commentaries, interviews, theory, and literature reviews were also consulted to add qualitative dimensions to the factual analysis of how the situation 'is' and, as a consequence, provide an informed understanding and/or discussion of how the contemporary state of affairs has arisen. By doing so, the possibilities of remedying the situation are provided with a more holistic understanding of the current situation and, thus, avoiding a more isolated myopic quantitative analysis. Finally, we conclude the article with a consideration of youth training and ambitions of how lessons from the UK past can inform Brazilian policy makers to avoid the failures of yesteryear in the UK.

KEYWORDS: public social security; social impact; youth unemployment.

#### INTRODUCTION

It is first necessary to briefly define the prevailing characteristics of neoliberal thinking that currently dominates policies and planning surrounding 'social security' in today's world. In its most rudimentary form, current neoliberal ideology bases itself on the 'trickle down' effect (or variations thereof) which revolve around a free, competitive market independent of the arbitrary decision making of welfare 'experts' and politicians. This *laissez-faire* market orientation is seen as just as it only responds to needs and wants and is not subject to dictatorial interference. As Hayek (1944) saw it, reliance upon the market would prevent individuals from being captives of welfare serfdom. Friedman (1957; 1962) developed such a stance even further while Murray (1984; 1993; 1996a; 1996b) expanded this thought process to argue that this serfdom is often taken by rational thinking human beings.

In essence, however, increased privatisation within the market economy is seen to equate to greater productivity and efficiency, more profit, more investment and more employment. Consequently, there would be less unemployment, increased tax revenue for government which would then allow for greater tax cuts, more disposable income, more investment and a booming economy where wealth and income would 'trickle down' the hierarchical pyramid of society (cf. HAYEK, 1944; FRIEDMAN, 1951; 1962). To reiterate, the result would be a perpetual cycle of more employment and less of a need for government to spend on social security or welfare.

In its ideal state neoliberalism can seem quite benign, and beneficial for all responsible citizens on a nation state'. Yet, this article seeks to demonstrate in more detail, there are some fundamental considerations that are not always taken into consideration, especially in the UK. The reality of greed (see examples of youth training), for instance, is not heeded; nor is economic turmoil on both a global and national scale. Both have serious consequences for the maintenance of social security and welfare benefits. Indeed, when the economy experiences high rates of inflation and there is no growth or even a decline in the economic system (stagflation), the aforementioned benign cycle becomes less virtuous.

In specific terms, when investor and market confidence during 'stagflation' is low (as demonstrated under the recent Truss Conservative Government in the UK) interest rates on government borrowing increases. This is especially so on index-linked gilts (which pay interest in the opposite direction to inflation) resulting in investors—especially those who invest in pensions—selling off their gilts causing unfavourable yields and a crisis in government funds which, in turn, affects the ability to pay benefit

payments. This is just the tip of an iceberg on the route to disaster. Nevertheless, more lessons about the negative side of neoliberalism can be gleaned from closer inspection (PRIDEAUX, 2023b).

# 1. MANIFESTATIONS OF PRIVATISATION: LESS SECURITY?

In the field of education and with the provision of the well-used adage 'opportunity' (PRIDEAUX, 2002; 2005; 2010; 2023a), there came the introduction of private academies and grammar schools, a shift to home schooling, the implementation tuition fees at university level and employer led youth training schemes. Similarly, with the provision of healthcare and, in particular, the provision of free healthcare at the point of delivery (a foremost and primary principle underpinning the National Health System of the UK), prescription charges, compulsory competitive tendering for 'in house' services, Private Finance Initiatives and private building contracts allied to 30-year leases were all introduced (GAFFNEY *et al.* 1999). To make the privatisation cum managerial (CLARKE, 1998; 2004) process more complete, unemployment and sickness and disability benefits are now being assessed by private companies on a pay by results basis that has insidious motivational enticements entwined.

On the other side of the assessment process, work incentives or rather 'carrot and stick' training is has been tried and tested and continually reintroduced through the guises of the Youth Training Scheme, New Deals and youth training in general (PRIDEAUX, 2002; 2005; 2010; 2023a). Again, privatised, managerial interests tend to prevail (see later discussions). On the other hand, the UK has witnessed the phased and prolonged implementation of Universal Credit which has effectively devalued existing benefits that it has replaced (Dwyer 2014) but does, in theory, supplement working wages instead of Working Tax Credit, Child Tax Credit, or the old Working Families Tax Credit which were set at significantly higher rates of payment.

Finally, pensions were also subject to privatisation because of the demographic considerations discussed below. The result, though, was disturbing as private pensions were subject to market confidence. In respect to State pensions, they are also subject to economic fluctuations. Declining market confidence and 'stagflation' has resulted in further pressures upon government finance and pressures to 'freeze' pensions in line with previous years. This, in turn, amounts to a decrease in income for the retired and goes against the precepts of neoliberal ideology predisposed upon individuals (retired or not) having more disposable income to spend in the expanding economy.

# 2. DEMOGRAPHIC CONSIDERATIONS AND CONTEXT

In the UK, it is important to emphasise the fact that contributions to a State pension does not constitute a golden 'honeypot' of money that an individual has saved over a working lifetime. Rather, the opposite is true. People paying taxes or National Insurance (which was initially introduced to pay for healthcare and retirement at a specific point in time) pay for the benefit allowances of those eligible at that time. They do not accrue savings. Yet with the decline in birth rate (becoming more prominent during the Thatcher years), government revenue was decreasing resulting in less

money available to pay social security and this initially drove the Thatcher government toward privatisation and the greater push toward private pensions from private insurance-oriented companies (TIMMINS 1995). A number of insurance frauds and financial collapses have occurred over the years since the Thatcher government, but because of a decline in birth rate and the declining government revenue coupled less money to afford benefit payments, privatised organisations were, and still are, seen as the more productive and cost-efficient move forward.

Given the results of such a direction (discussed in terms of youth education below) is it really the correct path to follow or should more nuanced interpretations and opinions be discussed regardless of the statistical data and 'facts' produced by government and its official bureaucracy? A more critical eye is necessary whether it be considered to be acceptable or not.

# 3. MANAGING YOUTH EDUCATION AS A CASE IN POINT

As has been noted for the more discerning, private pensions, healthcare and so forth have been the preserve of the employed/wealthy. The question that remains is: what about insecure workers living through a life of 'precarity' (STANDING 2014) on zero-hour, fixed term or badly paid contracts which predominantly include disabled people and other victims of discrimination? Even so, an efficient and effective youth education/training programme theoretically creates more employment, more tax revenue, more disposable income, more people who can afford private pensions/healthcare and more funds for private pension/insurance companies. All appear to go against demographic problems. In reality, however, there will still be less in-work without immigration. Nevertheless, this benign optimism from a neoliberal perspective is pointless if educational aims and aspirations are not met. Crucially, they are pointless if educational aims and aspirations are not met (remember Gramsci and his dialectic) and, in practice, they are defeated from the start if they constitute a short-term, 'sticking plaster' solution as opposed to long-term a vision (PRIDEAUX 2023a) which sees meaningful youth employment being the future resolution of government income deficiencies.

# 4. DISPLACEMENT AND THE YOUTH TRAINING SCHEME (YTS)

Back in the 1980s, the Manpower Services Commission (MSC) – in its *Youth Task Group Report* (April 1982) – forecast that unemployment amongst 16- and 17-year-olds would reach 57 per cent and 48 per cent, respectively by September 1984 unless positive action was taken (O'HAGAN 1983:14). Partially as a response to this report and the imminent threat to youth employment, the first Thatcher Government (1979–1983) introduced the YTS in April 1983 to replace the countercyclical, temporary Job Creation Programme (1975–78), the Work Experience Programme (1976–78) and the Youth Opportunities Programme (1978–83) (BRIAN et al. 1990). Approximately 460,000 places would be provided on the YTS at a cost of £1 billion (which corresponds to R\$ 5,67 billion in Brazilian currency) (FINN 1984, p. 145) and, because of such, the YTS was seen as part of the answer 'to the twin problems of increasing unemployment and a growing skills shortage' (KITSON 1999, p. 23) due to its primary concentration on giving 16-year-old school-leavers one year of work experience with an employer and the

provision/allowance of 'off-the-job' training and education (HART *et al.* 1986; JONES 1988; PECK 1990). Quite simply, the YTS was intended to 'provide all the youngsters who ...[took] part with a better start to working and adult life ... through an integrated programme of training, education and work experience' (TEBBIT 2 FEBRUARY 1983, p. 309).

With this arrangement, young first year trainees received a small weekly allowance of £27.30 (which corresponds to R\$ 154,79 in Brazilian currency) (HART et~al. 1986:44) financed by the government, whereas employers were invited – but not expected – to supplement this (O'HIGGINS 1994). Overall, the stated aim of the programme was to provide a 'permanent bridge between school and work' (MSC 1982 cited in PECK 1990, p. 24) yet it came at a cost to the Treasury of £1,850 (which corresponds to R\$ 12.154 in Brazilian currency) from 1984 to 1985 – for each place provided (HART et~al. 1986, p. 44). In particular, the YTS was intended to enhance the employment prospects of young people (CHAPMAN and TOOZE 1987) and, as a result of such endeavours, help them avoid the possibility of long-term unemployment.

Nevertheless, this benign picture of how the YTS would alleviate unemployment issues did not hold true for long. Although Norman Tebbit – the still incumbent Employment Secretary during the second Thatcher Government (1983–1987) – described the as 'far-reaching and ambitious', the magazine *New Society* (1 SEPTEMBER 1983 cited in O'HAGAN 1983, p. 14) saw it as a 'cheap and convincing "camouflage" to reduce the number of young people on the unemployed register'. Worse still, this YTS camouflage of youth unemployment had 'displacement effects': effects that could be

...divided into the 'deadweight loss' where employers substitute programme trainees for, say, apprentices that would otherwise have been taken on, so that in effect the firm's training bill is paid for by the government with no net increase in training provision, and the 'substitution effect'—where programme trainees are substituted for some other kind of workers (e.g. parttimers or older workers) and unemployment is created elsewhere. (DOLTON 1993, p. 1273)

By way of substantiation, Deakin and Pratten (1987) attempted to investigate the 'displacement effects' on employment. In their investigation of the practices arising out of the recruitment of YTS participants, Deakin and Pratten (1987) asked if YTS placements replaced apprenticeships or other jobs. The answers varied 'by firm size where the deadweight effect and the substitution effect were as large as 42% and 20% of jobs, respectively, for firms with under 100 employees, and 28% and 4% respectively for firms with over 1,000 employees' (DOLTON, 1993, p. 1274 citing the work of DEAKIN and PRATTEN 1987). Geographically, the situation became even more acute. On top of the 'displacement effects', it was observed that post YTS destinations were profoundly affected by locally shaped markets. When comparing UK regions, Peck (1990, p. 23) noted that less

...than half of those leaving YTS schemes in Scotland and the Northern region ...[were] successful in obtaining regular jobs. In these areas almost one in three of YTS 'graduates' were found to be unemployed when contacted in the Training Agency's 100 per cent follow-up survey. In the South East of

England, by contrast, 71.4 per cent of trainees ...[left] the scheme for regular jobs and the post-YTS unemployment rate ...[was] comparatively low at 12.8 per cent.

In times of recession – which the early 1980s were subject to – this represented a particularly dire situation whereby depressed local economies in which there existed a deficit of supply-side demand for youth labour meant that the training and qualifications available through the YTS were often limited in value (DROY *et al.* 2019). Specifically, the YTS failed to assure equality of work access for participants in different regions of the United Kingdom. In truth, the scheme failed to render sufficient additional assistance in local labour markets where demand deficits persisted prior to the inception and establishment of the YTS (PECK, 1990). Collectively, 'deadweight loss' and the 'substitution effect' – as a result of 'perverse' incentives for employers (PRIDEAUX, 2001) alongside regional variations (other than in the South East) – had a serious impact upon the success of the YTS to the extent that youth unemployment was not universally reduced across the United Kingdom. Nor was it the case that the YTS was devoid of displacement and thus caused increased unemployment for others.

# 5. NEW LABOUR, NEW DEALS AND 'PERVERSE' INCENTIVES FOR EMPLOYERS

Following the Thatcher and Major Conservative Governments, New Labour (NL) (1997–2010) inherited an economy that was underperforming and plagued with significant yet fundamental weaknesses. This 'legacy' included a lack of investment in industrial capital and poor productivity performance (COATES, 2005) alongside income inequality at levels near to their post-war high (HILLS, 2005). A total of 1.7 million people were unemployed (THEODORE, 2007, p. 931). In response, the Department of Social Security's (DSS) Green Paper New Ambitions for Our Country: A New Contract for Welfare (March 1998) constituted an ideal example of how the policies of NL redressed and utilised supply-side themes from the past to combat unemployment. As with the constantly recurring themes of 'education/re-education', 'obligation', 'mutual responsibility' and 'self-reliance' in the United Kingdom and the United States, the concept of 'workfare' became unequivocally entwined in the 'New Deal' idiom of NL. 'Opportunity' was paternalistically enforced upon 'dysfunctional' or 'workless' individuals in a graphic demonstration of the positive exercise of functionalist/new communitarian thought (THEODORE, 2007; MONAGHAN and PRIDEAUX, 2016). To quote the 1998 Green Paper:

The Government's aim ...[was] to build the welfare State around work. The skills and energies of the workforce are the UK's biggest economic asset. And for both individuals and families, paid work is the most secure means of averting poverty and dependence. (DSS, March 1998, chapter 3, p. 1)

In order to secure this aim, NL's solutions were about helping people move from welfare to work through New Deals (NDs) and Employment Zones. Both of which were designed to develop personalised services to help people into work, to lower the barriers to work for those who are able to and want to work and, finally, by making work pay with the introduction of the national minimum wage and reforming the tax benefit system yet 'ensuring that responsibilities and rights ...[were] fairly matched' (DSS March 1998, chapter 3, p. 2).

In a self-declared ambition to achieve 'nothing less than a change of culture among benefit claimants' (March 1998, chapter 3, p. 2), the first tranche of six NDs was introduced between 1998 and 1999 in an attempt to steer a variety of non-employed groups through various "gateways" into the labour market' (HEWITT, 2002, p. 192). Using 'carrot and stick' measures (DRIVER, 2004; HEWITT, 2002) to coerce/encourage individuals into the paid labour market (PLM), each of the gateways began the process of targeting young unemployed people; the long-term unemployed; lone parents; those with a disability or long-term illness and those who are partners of the unemployed or disabled people and those people who were aged 50 or more (HEWITT, 2002).

With the exception of lone mothers (who were compelled to attend a job interview), the majority of ND participants were given several work-oriented options. Indeed, the 'deal' for the young was either to work with an employer who will receive a job subsidy of up to £60 (which corresponds to R\$ 394,00 in Brazilian currency) per week; to undertake full-time education or training; to work with a voluntary sector organisation; or to work on the Environmental Taskforce (PRIDEAUX 2001). All involved training but, as Gordon Brown (1997) – the then Chancellor of the Exchequer – declared, there would not 'be a fifth option to stay at home on full benefit'. Accordingly, future benefit claimants would be signing up for work where benefits would 'be cut if young people refuse[d] to take up the opportunities' (BROWN, 1997 cited in THEODORE, 2007, p. 931).

However, NL still held a benevolent attitude towards capitalism, the *laissez-faire* market and the implicit belief that through effective management of the economy and the working environment social cohesion could be extensively created. By contrast, White (2000) argued that one of the preconditions of welfare 'contractualism' (as epitomised by ND conditionality principles) should be the provision of 'real' opportunities for the participants concerned. As Dwyer (2004) pointed out, the 1.25 million people helped back into work since the NDs began should not be dismissed lightly. Nevertheless, a number of commentators (GROVER and STEWART 2000; GRAY, 2001; PECK, 2001; THEODORE 2007) cast doubt over the portrayed success of the NDs. In the cold light of the day, it could have been that capital was the real beneficiary rather than people not participating in the PLM.

To reiterate, it could be argued that the specifics of the NDs – and, in particular, the ND for the Young – echoed the failings of the YTS by providing 'perverse' incentives for employers (PRIDEAUX, 2001) that helped to provide lucrative gains for the unscrupulous or provide a financial 'lifeline' for struggling companies. At the level of unskilled employment, though, the rewards that an employer could receive for recruiting a ND participant encouraged the use of 'workfare' recruits rather than full- time employees. When competition is fierce, or during times of economic recession, it hardly made sense for many industrialists to employ an individual for 36 hours per week at a cost of £151.20 (which corresponds to R\$ 993,00 in Brazilian currency) - calculated on the basis of a minimum rate of £4.20 per hour (which corresponds to R\$ 27,60 in Brazilian currency) when they could pay an individual as little as £91.20 (which corresponds to R\$ 600,00 in Brazilian currency) with the difference being made up from a £60 (which

corresponds to R\$ 395,00 in Brazilian currency) per week 'New Deal' subsidy (DSS March 1998, chapter 3, p. 3–4). Add to this a further grant of £750 (which corresponds to R\$ 4.900,00 in Brazilian currency) per every welfare-to-work trainee (March 1998 chapter 3:4), it became clear that the use of a subsidised labour force offered an employer a substantial reward. More so, when there was no requirement to award a ND participant with permanent employment after six months. As a result, recruiting a new cohort of 'New Dealers' provided the best economic option for employers and – in times of crisis or in the pursuit of profit – represented the only option for many companies (PRIDEAUX, 2005).

To add to these misgivings, Dwyer (2004) and Peck (2001) also remarked upon the unassuming job entry rates the ND schemes had achieved from their inception to March 2000. Only a third of participants left to enter into paid work, while many of those who did leave the ND became trapped in 'contingent employment' in that they continually moved from one short-term, low-paid and inevitably insecure job to another. This was especially true of ND participants in local, economically depressed areas (SUNLEY *et al.* 2001) where the demand for jobs was poor and those that did exist were badly paid (despite the national minimum wage), lacked tenure and collateral due to the availability of a large pool of potentially unemployed ND 'graduates'. Consequently, the belief that the culture of 'worklessness' – which blamed the unemployed for their predicament and diverted attention from structural problems to supply-side solutions (THEODORE, 2007) – needed to be tackled and changed was simply a misnomer that omitted to consider local economic conditions. 'Contingent employment', therefore, merely served to exacerbate and disguise the local and national (un)employment landscape even further.

Moreover, besides the lack of remuneration, security and future work in the PLM, there was also a problem emerging from 'a hard-core of "low employability" individuals who ... [were] being recycled through the programme and back into benefits' (SUN-LEY et al. 2001, p. 501). Effectively, the reduction in unemployment caused by recruitment/conscription onto the NDs lost its impetus after the first tranche of 'New Dealers' left the unemployment register. Arguably, subsequent tranches were mainly about replacing those deemed 'unemployable' whilst the so-called 'unemployables' were returning to claim benefits yet again. All-in-all, the previously cited 1.25 million helped back into work (DWYER 2004) could have been so much greater if geographical differences had been considered, recycling had been averted and the incentives given to employers had been conditional as opposed to being over-reliant on entrepreneurial 'morality'. When set against this backdrop of limited success, it is hard to argue that NL fulfilled White's (2000) criterion of providing meaningful employment for individuals participating in the ND schemes. Nor is it easy to argue that such indications would deter physical or emotional feelings of alienation on behalf of the less successful participants and promote social inclusion through the revival of a sense of community and belonging. In short, only the best achieved meaningful employment and only a small proportion of the best achieved any form of employment in economically depressed localities.

# 6. THE FUTURE JOBS FUND AND THE ONSET OF THE WORK PROGRAMME

In reaction to the global financial crash of 2008, (New) Labour – under the auspices of the last NL Prime Minister Gordon Brown and his Chancellor, Alastair Darling – introduced the Future Jobs Fund (FJF) in 2009. It was to be the first part of the Young Person's Guarantee (introduced in 2010) where the former, as with the current Conservative Chancellor's programme, was to be a financial subsidy scheme to create employment. In this instance, it was a scheme whereby 'everyone under the age of 25 who has been out of work for 12 months will be offered a job or a place in training' (ALI 2013, p. 21 CITING DARLING 22 April 2009). As such, it was a programme designed to encourage the creation of up to 170,000 temporary jobs (HARARI 15 December 2011) through the provision of considerable employer incentives to take on young people primarily aged 18-24 (MARLOW et al. November 2012). Indeed, businesses were paid up to £6,500 (which corresponds to R\$ 42.700,00 in Brazilian currency) for every job they created (WILSON and SHAH 10 July 2020) and each job had to be for 25 hours at least, last for 6 months, paid at the national minimum wage or more (ALI, 2013) and, importantly, 'must not lead to another individual (i.e. an employee or contractor) losing their job or reducing their hours of paid employment' (Department for Work and Pensions (2009) cited by Ali (2013, p. 24)). In total, the allocated Government funding was to be around £1 billion (which corresponds to R\$ 6,57 billions in Brazilian currency) (HARARI 15 December 2011).

Measuring the success or failure of the FJF has proven difficult. In part, this was a consequence of the short life of the scheme: a curtailed life that was exacerbated by political/ideological opposition and evaluation. However, not all appraisals were so dismissive. Despite Cameron's declaration he could save £320 million (which corresponds to R\$ 2.100 million in Brazilian currency) (MARLOW *et al.* November 2012:9) and his conviction that the

...Future Jobs Fund ... [had] been one of the most ineffective job schemes there's been ... The really damning evidence ... [was] that it's a six-month programme, but one month after the programme ... [had finished] half the people that were on it ... [were] back on the dole. It failed. (CAMERON, 17 March 2011 cited in ALITTLEECON, 26th November 2012, no page)

...other research suggested that this viewpoint/evidence was incorrect. For example, Marlow et al. (November 2012, p. 65) estimated – from DWP baseline assumptions – the benefits and costs of FJF equated to:

• a net benefit to participants of approximately £4,000 (which corresponds to R\$ 26.300,00 in Brazilian currency) per participant; • a net benefit to employers of approximately £6,850 (which corresponds to R\$ 45.000,00 in Brazilian currency) per participant; • a net cost to the Exchequer of approximately £3,100 (which corresponds to R\$ 20.300,00 in Brazilian currency) per participant and a net benefit to society of approximately £7,750 (which corresponds to R\$ 51.500,00 in Brazilian currency) per participant.

In the light of Cameron's Coalition (of Liberal Democrats and Conservatives 2010-2015) promise to save £320 million (which corresponds to R\$ 2100 million in

Brazilian currency) by ending the FJF, these estimates from the DWP clearly disputed the claims about the failure of the scheme (MARLOW *et al.* 2012:9; PORTES 23 November 2012, no page) and the potential saving of such a vast sum of money. In actual fact, the opposite was true. The net figures cited above were particularly encouraging for a labour market programme: especially when they offered social benefits and gave the Treasury an economic return for their expenditure (PORTES 23 November 2012). The economic return alone contradicted Cameron's avowed saving. Moreover, the net social benefit of around £7,750 (which corresponds to R\$ 50.900,00 in Brazilian currency) per participant also diminished the actual savings Cameron and his Coalition colleagues could have made from abandoning the FJF.

Nevertheless, the FJF was eventually replaced by the Work Programme (2011) which was a major new, integrated welfare-to-work measure introduced to target longer-term unemployed people and provide two years of support to help the unemployed into sustainable work. The programme was to be delivered 'through a network of prime contractors and subcontractors, operating under a payment-by-results regime, with increased freedom to develop provision for the individuals they support' (LANE et al. 2013, p. 1). In total, 1.81 million people had been referred to the Work Programme up to December 2015 yet 1.13 million (62.5%) returned to Jobcentre Plus benefit provision (DAR, 21 March 2016, p. 7; DWP, 22 March 2018:6). Again, this was hardly a scheme that successfully replaced the FJF and saved £320 million pounds (which corresponds to R\$ 2102 million in Brazilian currency) over the long-term (in that the 1.13 million returnees back onto benefits were at a cost to the Treasury). All-inall, the abolition of the FJF was more about differing political/ideological stances to that of NL and Labour, respectively. In this respect, there was a definite lack of a real consensus amongst the political parties involved. And this could be a major problem when a crisis - whether it be pandemic or economic - hits the United Kingdom and the rest of the Western world.

# 7. JOHNSON'S CONSERVATIVES AND THE 'KICKSTART' BACK TO PROSPERITY

In a Parliamentary response to the ongoing Coronavirus (Covid-19) crisis of 2020, Rishi Sunak—the Conservative Chancellor of the Exchequer—announced (in his Summer Economic Update) that the Government was going to 'kickstart' the economy by protecting, supporting and creating jobs. The Government, he argued, had a clear goal to 'give businesses the confidence to retain and hire, to create jobs in every part of our country, to give young people a better start and to give people everywhere the opportunity of a fresh start' (Sunak, 8<sup>th</sup> July 2020: column 973).

To do this, the Government pushed through a financial package designed to help 16-24 year olds (BBC, 8<sup>th</sup> July 2020; Gov.UK, 8<sup>th</sup> July 2020; Kimber, 8<sup>th</sup> July 2020) who are the most affected cohort by virtue of being 'two and a half times as likely to work in a sector that has been closed' (SUNAK, 8<sup>th</sup> July 2020: column 975). Support—starting in August 2020—involved a predicted expenditure of £2 billion (which corresponds to R\$ 13 billion in Brazilian currency) (KUENSSBERG, 7<sup>th</sup> July 2020; Parliament, 8<sup>th</sup> July 2020; PARTINGTON, 8<sup>th</sup> July 2020; WILSON and SHAH, 10<sup>th</sup> July 2020). Indeed for each 'kickstart' job, the Government pledged to cover the cost of at least '25 hours' work a week at the National Minimum Wage of £4.55 (which corresponds to R\$ 30,00 in

Brazilian currency) ...[per hour] for under 18s, £6.45 (which corresponds to R\$ 42,37 in Brazilian currency) for 18 to 20-year-olds, and £8.20 (which corresponds to R\$ 53,00 in Brazilian currency) for 21 to 24-year-olds' (BBC, 8<sup>th</sup> July 2020, no page).

Moreover, Sunak (8<sup>th</sup> July 2020) also allocated £9 billion (which corresponds to R\$ 59 billion in Brazilian currency) of support (by paying a £1,000 - which corresponds to R\$ 5600,00 in Brazilian currency - bonus per employee) to bring back all 9 million people who have been furloughed during the pandemic (KIMBER, 8<sup>th</sup> July 2020; PARLIAMENT, 8<sup>th</sup> July 2020). However, for businesses to get the bonus each employee must be paid at least an average of £520 (which corresponds to R\$ 3.400,00 in Brazilian currency) per month from November to January (Sunak, 8<sup>th</sup> July 2020: column 974). In sum, this was the equivalent of the lower earnings limit in National Insurance. Sunak (8<sup>th</sup> July 2020) continued with these themes when he addressed traineeships and apprenticeships. Both, he voiced, would be the subject of further subsidised incentives to increase skill levels and create more work possibilities.

In relation to traineeships, the Government paid companies £1,000 (which corresponds to R\$ 5600,00 in Brazilian currency) to take on trainees aged 16 to 24 since traineeships have always been 'a proven scheme to get young people ready for work' (SUNAK, 8<sup>th</sup> July 2020: column 975). Nonetheless, for companies to benefit from trainee grants, they must provide work experience placements, education including English and maths and work preparation for a period of six weeks to six months. Moreover, £100m (which corresponds to R\$ 567m in Brazilian currency) was guaranteed to help 18-19-year olds leaving school or college to find work in high demand sectors through places on Level 2 and 3 training courses. And, in order to do so, a further £17m (which corresponds to R\$ 111m in Brazilian currency) investment was set aside to increase the number of available places by threefold in sector-based work academies during 2020/21 (PARLIAMENT, 8<sup>th</sup> July 2020; SIMPSON, 8<sup>th</sup> July 2020).

Although not all of the future recipients of the grants associated with Sunak's (8<sup>th</sup> July 2020) new revitalised apprenticeships were specifically classed as youth, the incentives do, nevertheless, attempt to reinvigorate work opportunities for a vulnerable group who are still relatively young and greatly affected by the Covid-19 lockdown in the UK. As a consequence, the Summer Economic Update (8<sup>th</sup> July 2020) outlined the Treasury's intention to pay £2,000 (which corresponds to R\$ 11.340,00 in Brazilian currency) per apprentice hired (PARLIAMENT, 8<sup>th</sup> July 2020: no page). This would be in addition to the £1,500 (which corresponds to R\$ 8.505,00 in Brazilian currency) paid for hiring young apprentices with an education, health and care plan. The Chancellor was thus encouraging businesses 'small and large' to 'take advantage' of the offer over the next six months (SIMPSON, 8<sup>th</sup> July 2020; SUNAK, 8<sup>th</sup> July 2020). For those who are older, though, "a brand-new bonus will be introduced to employ apprentices 25 years old and over, with a payment of £1,500 (which corresponds to R\$ 8.505,00 in Brazilian currency)" (PARLIAMENT, 8<sup>th</sup> July 2020, no page).

Even so, and despite the good intentions, the question of whether these policies could be successful or not can only be judged over time or by past experiences. In this latter respect, Sunak's proposals were not new (KIMBER, 8<sup>th</sup> July 2020; KUENSSBERG,

7<sup>th</sup> July 2020): especially when they concentrated upon an intention to alleviate youth unemployment. Without doubt, similar employment measures have been undertaken by Governments since the 1980s and have been a constantly reoccurring theme.

# 8. COMPARATIVE TRENDS IN BRAZIL

In the Brazilian case, under the argument of preserving jobs and income, guaranteeing the continuity of activities and reducing the social impact, the rules of the Emergency Program for the Maintenance of Employment and Income, which was adopted during the crisis caused by the covid-19 pandemic, was resumed with Law 14.437, already in a situation of relief from the pandemic, in 2022 (Agência Senado, 2022). This perverse incentive for employers directly implies an increased risk of decreasing labour income and, therefore, the replacement of workers with low-cost recruitment practices.

We are talking about a reality of 211,096,453 inhabitants that has a little less than half (about 100,496,479 million people) who are in the economically active age bracket, with about 86,673,387 who are actually working (INSS, 2022). Still, considering the data found by the Getúlio Vargas Foundation (FGV, 2020) that shows that individual labour income fell by an average of 20.1% and inequality, measured by the Gini index, rose 2.82%. This implied that the labour income of the poorest half fell 27.9% against 17.5% for the richest 10% of the Brazilian population. The average income drop of 20.1% had, as its main driver, the reduction in the average working day which decreased by 14.34%, while the occupation rate decreased by 9.9%. From a racial-ethnic perspective, income inequality directly exacerbated the income gap between the richest and poorest which, in turn, impacted upon the large Brazilian cities which witnessed an increased disparity between the first quarter of 2020 and 2021. The labour income of the poorest half fell 27.9% against 17.5% for the richest 10% of Brazilians. Indeed, the main social groups losing from the crisis were indigenous people (-28.6%), illiterate people (-27.4%) and young people between 20- and 24-years old (-26%). (NERI, 2020).

From a social safety net perspective, the informality of labour in the pandemic period, some efforts were made to bridge the gap. However, Brazil—like in the UK—these placatory measures were not enough either. Neri (COFECON, 2021) highlighted the need for assisted operation in the labour market. In addition, he highlighted that if Brazil spent 7.5% of the GDP in actions against the pandemic, this was not enough to lessen even the educational damage caused. In effect, there was actually a worsening of four percentage points in comparison to before and after the pandemic, while only 41% of Brazilians were satisfied with the education being provided.

From the perspective of an effort towards labour equity for young Brazilians, incentives for reduced working hours for youth seem desirable from both perspectives, enabling better quality education and socialising the generation of jobs for a larger group of people. A study with young people who are out of occupation in the labour market and educational institutions (the so-called 'nemnem' - neither work nor study) points out that with the arrival of the pandemic the rate of excluded youth at the end of 2019 was 23.66% accelerating and reaching an all-time high of 29.33% in the second quarter of the year, then reducing to 25.52% by the end of 2020. (NERI, 2021b)

On the other hand, the dropout rate for 15- to 29-year-olds during the pandemic was lower, going from 62.2% in 2019 to 57.95% by the end of 2020. Corroborating this is that during the pandemic, unemployment in the 15 to 29 year old age group rises from 49.37% to 56.34%, pointing to this as a dominant factor in measuring young people's time use.

Still, to understand the causes of such social fluctuations, a study that aimed to capture the isolation effect and the social transfers per capita in relation to the entire population, when incorporating 'Brazil Aid' which replaced 'Emergency Aid' and the 'Bolsa Família Program', has the value of transfers of R\$19.29, 63.9% higher than just before the pandemic hit, but only 14.2% of the value found at the peak of 'Emergency Aid'. This, in terms of poverty, shows that the poorest Brazilians have in fact experienced instability in the last three years, projecting a negative trend as it incorporates the nominal values set by the new 'Brazil Aid' against the prospective scenario of high inflation, which has particularly affected those on low income the most. (NERI and HECKSHER, 2022, p. 14):

The monthly income of the poorest 10% had already been falling before the arrival of covid-19 in Brazil and plummeted to less than half at the start of social isolation (R\$114 in November 2019 to R\$52 in March 2020). Since this minimum, the group's income has more than quadrupled until its historic peak in August of the same year (R\$215), in the most generous phase of the Emergency Aid. From that peak value, it plummeted, staying 15.8% below the pre-pandemic level (R\$ 96 in November 2021).

Drawing a parallel with the benefits resulting from the right acquired by the Brazilian public social security system, the numbers of social security benefits granted since the beginning of the pandemic show that there was a significant drop in social security assistance during the pandemic, which is gradually being recovered after the closure of agencies in the first year of the pandemic. It is worth clarifying that in 2019, the in-person services at the public social security agencies were cancelled, making it possible to apply for benefits exclusively online (except for medical examinations, which were initially analysed administratively with medical documents - also exclusively online), and later with the agencies opening only for in-person examinations.

Moreover, when resorting to the statistical data on public social security (MTP, 2019; MTP, 2022), it was found that in 2019 the total benefits granted was 5,189,986, already in 2020 with the declared pandemic, there was a drop in benefits granted to a total of 4,664,849, in 2021 it rose just over 1.39% to a total of 4,729,820 and in 2022 there were 5,212,631 urban and rural benefits granted, recovering just under 0.5% of benefits granted before the pandemic in 2019. In terms of values, we are talking about an average benefit value around R\$ 1456.43 in 2019, dropping about 11% in 2020, which corresponds to R\$ 1293.78, R\$ 1493.48 in 2021 and rising to R\$ 1599.89 in 2022. In other words, from 2019 to 2022, after a significant drop in the first year of the pandemic, there was an increase of about 9% in the average value of the benefit.

Even so, this situation reflected in a low demand for benefits, or in other words, a high rate of rejected applications due to access problems, with mistaken or

incomplete applications, as shown in the ratio of granted and rejected benefits between 2019 and 2020, with 262,591 more benefits rejected in the first year of the pandemic and 418,007 in the second year of the pandemic (with the agencies already partially serving in person in 2021). Also, from 2019 to 2022, there was a difference of 912,034 more benefits denied in 2022 (with 4,201,320 denials in 2019 and 5,113,354 in 2022) (MTP, 2019; MTP, 2022).

That said, it must be considered that the incentives for the pandemic period still proved to be small and diminished in the face of the demands of unemployment, the digital divide, and the need for social inclusion. All of which reflected a drop in purchasing power. Hence, the proposals to accompany or at least compensate the loss of employee income supplanted the incentives for employers to pay higher wages and, therefore, the possibilities for low-paid recruitment intensified as the attractive perverse incentives for employers increased.

# 9. PARTING OBSERVATIONS AND FOREBODINGS: LEARNING FROM THE UK'S EXPERIENCE?

After the peak of the COVID-19 crisis, the UK and Brazilian proposals to combat the recession seem limited. Scenarios of insecurity and income protection are common characteristics of government policies in both countries. On the Brazilian side, unemployment rates, especially among the youth excluded at the end of the pandemic, are alarmingly high. The instability during the pandemic and the recent return to activities demonstrated a negative trend in terms of employability which was further influenced by the impact on young apprentices because of a precarious education exclusively delivered by digital means, as it was during the pandemic period. Access to the internet is, despite the well-intentioned aims of Brazilian government officials, extremely low: thus leaving many bereft of education and training. Certainly, collected data from elsewhere is especially relevant to this assertion when considered in a pre-pandemic scenario of procedural digitalisation, exclusion and the intensifying of the digital gap emerging from the aforementioned Brazilian digital transformation of public services (FRAGA and CAMÕES 2020).

From the above observations about past initiatives it is, however, possible to glean a number of lessons that went unheeded by Rishi Sunak in the UK which could help subvert the same experience occurring in Brazil. Of primary concern in the UK was the YTS 'colonisation' of the secondary sector of the labour market (PECK 1990) and the 'New Keynesianism' associated with the ensuing NDs (THEODORE 2007). Both policy directions placed an emphasis upon supply-side economics to the detriment of the demand-side. And each limited the success of such directions given the blinkered neglect of employer difficulties, responsibilities and duties. Put succinctly, the two programmes jointly relied heavily on the hope of employer-led recruitment, yet employment was vacancy-led which seriously affected the most depressed regions.

Without doubt, it is true that the YTS 'colonisation' involved the capture of the employment sector in which wages were low, 'jobs unstable and unemployment a constant threat' (PECK 1990, p. 20) whereas the 'New Keynesianism' of the Blair Governments (1997–2007) led to regional ineffectiveness in 'activating underemployed segments of the labour force through training, job-readiness programming and unemployment-benefit reforms that encourage (and increasingly compel) rapid entry into

the ...[PLM]' (THEODORE 2007, p. 929). Arguably, this is a pathway that Brazil can still avoid through the encouragement of youth employment and training on a full-time, unsubsidised wages. Meaningful training and stipulated employer duties and responsibilities that go beyond the economic pursuit of 'profit' would not go amiss either. Certainly, that would represent a marked improvement to the November 2021, 15.8% decrease from pre-pandemic levels of income cited by NERI and HECKSHER (2022, p. 14).

Furthermore, during and, no doubt, after the peak of the COVID-19 crisis/recession, Sunak's (8 July 2020) 'kickstart' proposals for the UK appeared destined to suffer from the same failings as the YTS and NDs. Indeed, more questions than answers have arisen from Sunak's economic update. Where, for instance were the proposals to support/compensate employer's loss of income during the crisis and what, exactly, was in place to prevent them from—after the pandemic—replacing higher paid workers with subsidised 'kickstart' labour or other sources of low-cost recruitment? To say that the national minimum wage in the UK would counteract such practices is simply disingenuous as the minimum wage itself (because of the graduated hourly rates according to age) could encourage the employment of individuals under the age of 25 or even younger and, therefore, allow some, possibly desperate, employers to avoid—through another 'perverse' financial incentive (PRIDEAUX 2001)—paying the maximum hourly rate of £8.72 (which corresponds to R\$ 57,30 in Brazilian currency) as opposed to £6.45 (which corresponds to R\$ 42,37 in Brazilian currency) for 18–20 year olds (ACAS 2020).

To add insult to injury, Sunak (8 July 2020) also neglected to take into account the geographical employment disparities that exist across the United Kingdom and, crucially, where were the proposals to counter contingent employment, local job displacement (with its associated creation of a 'reserve army of labour') and demand-led differences? All of these questions suggest that the contemporary 'kickstart' proposals in the UK were destined to fail due to a lack of historical awareness on Sunak's part. Given this, it was hardly surprising that Keir Starmer (the new leader of the Labour Party in opposition) stated that the United Kingdom 'needed something the last Labour government did, which was a Future Jobs Fund, which made sure that for young people they're not out of work for more than six months' (SMITH citing STARMER 24 June 2020, no page).

Perhaps, even more lessons could be taken from the FJF. Besides the many negatives from the past which Sunak should have learnt from, the more discernible positives highlighted in this article ought to have been taken on board. The FJF, for instance, managed to take discussions about youth unemployment/youth 'culture' away from the 'underclass' debate. Rather than implicitly implying that such a 'class' took the easy option of claiming benefits as opposed to working in the PLM (PRIDEAUX, 2001), Labour—to a significant extent—shifted 'conditionality' (DWYER, 2004) towards employers and rectified some of the failings of the ND schemes. Thus, the incentives for employers to rotate participants and displace employees in existing employment was partially negated (albeit for six months) by the specific conditions of the scheme.

Conversely, this element of employer 'conditionality', in terms of permanent employment after the placement had expired, was noticeably missing from Sunak's 'kickstart'. Likewise, this summer update tended to avoid a discussion about communal advancement. Instead, 'responsibility' was forced back onto individuals to grasp employment opportunities or training. As a result, the voluntary aspect of the FJF (implicit in Alistair Darling's 2009 use of the term 'offered') was sadly absent to the detriment of future success and understanding of the complexities surrounding the creation of new, sustainable jobs after the demise of the current crisis.

Geographically, concerted efforts to counter regional depression would not have gone awry either. Sunak (8 July 2020) could and should have considered regional variance in more depth as opposed to adopting a penchant myopic stance of pacificying the 'outer' regions (CRAFTS, 1987) with financial assistance to become 'job ready' and available. Consideration of the demand-led failings as opposed to supply-side projects would have provided a more holistic picture of the local disparities and facilitated a more decisive help for the 'outer' regions. Undoubtedly, this would have reflected a more positive example of what political cooperation and consultation could achieve in the present climate. Sadly, this has not happened.

In terms of education and training, one really has to ask why there is a reluctance to rely on short training schemes for the working poor rather than extensive education programmes for the young to aspire to be doctor's, lawyers, scholars or even politicians. Why are those real opportunities not been provided: especially at a time when doctors and nurses are in short supply in the UK?

To add further insult to injury, it is also telling that these apprentice opportunities will not be readily available once economic 'normality' is resumed as too many businesses will have gone into bankruptcy while the available workforce may be depleted by trauma, long-COVID and the cancellation of needed hospital treatment for other ailments. When combined, such a neglect to consider/anticipate a fall in the demand for labour and the prospect of a diminished workforce could mean that the expected and optimistic economic recovery predicted by Johnson and Sunak is in serious jeopardy.

A lack of awareness of the UK situation could also contribute to similar problems within Brazil. For example, it was noteworthy that such factors were strongly accelerated with the pandemic in Brazil. In a situation where the attendance to applications was exclusively through digital means, which, on the one hand, could have positively implied a greater autonomy of the applicant citizens, but, on the other hand, ended up reverberating in a lack of help or clarification in face-to-face attendance, since a substantial portion of the applicants in need of social security benefits are precisely those who float in the layers between exclusion and the digital gap.

And such a situation, when taken in the context of socio-cultural differences impacted by geographical disparities strengthens the understanding that it is not possible to generalise public policies. Proposals are needed that strengthen local employment and discourage job displacement. In a country of continental dimensions, with five regions that are quite distinct from each other, it is not possible that the same policy of inclusion and attraction of jobs in income conceived for the south and southeast regions, be applied in its entirety in the north or northeast regions of the country like

Brazil. Just as in the UK, in Sunak's speech (July 8, 2020) the creation of a 'reserve army of labour' and the differences led by demand, the Brazilian case, reflected an effort to support and promote work and employment, but did not consider the historical cultural complexity of the country, especially the capacity and conditions for digital access.

In short, historical, geographical and demographic awareness coupled with comparative research can combine to provide many of the answers to the problems facing the socioeconomic and cultural divides occurring in both Brazil and the UK. Insular, myopic, short-term solutions are merely a 'sticking plaster' and simply not enough to resolve such deep divisions.

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