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## **The Dubious Benefits of a Workers' State: Universal Credit**

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Despite a shaky deployment beset with missed targets and allegations of poor administration, as of writing, **slightly under six million households** (a quarter of working-age households) are in receipt of Universal Credit (UC).

UC replaces the six main “means tested”<sup>1</sup> benefits for people of working age<sup>2</sup>. The benefits being scrapped were introduced at various periods and were all in their time trumpeted as fundamentally necessary welfare reforms compared to what they replaced. These benefits (Income Support, income based Jobseeker's Allowance (JSA), income related Employment and Support Allowance, Working and Child Tax Credits and Housing Benefit) are scrapped and replaced universally with this single means tested benefit. Thus, UC is available to those

- in work (who might previously have received Child, Working Tax Credit and/or Housing Benefit),
- who either lack work and are looking (who might have gotten Jobseeker's Allowance with Housing Benefit and/or Child Tax Credit) or
- who the State judges are unable to work (who may have received Income Support or income related Employment and Support Allowance with Housing Benefit and/or Child Tax Credit).

The official document announcing UC explained what the Government of the time (then the Coalition) hoped to achieve with this flagship reform of the social security system:

”A life on benefits is a poor substitute for a working life but too much of our current system is geared toward maintaining people on benefits rather than helping them to flourish in work; we need reform that tackles the underlying problem of welfare dependency. That is why we are embarking on the most far-reaching programme of change that the welfare system has witnessed in generations.

*Universal Credit: welfare that works* marks the beginning of a new contract between people who have and people who have not. At its heart, Universal Credit is very simple and will ensure that work always pays and is seen to pay.

Universal Credit will mean that people will be consistently and transparently better off for each hour they work and every pound they earn. It will cut through the complexity of the existing benefit system to make it easier for people to get the help they need, when they need it. By utilising tried and proven information technology, we will streamline the system to reduce administration costs and minimise opportunities for error or fraud.

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<sup>1</sup> “Means tested” benefits are based on the income of a recipient: in order to obtain them typically a claimant must meet a set of conditions (for example, for housing benefit then a claimant must have to pay rent for the home in which they live) and also a particular condition relating to their means – i.e. income – which must be sufficiently low as compared to some threshold figure for entitlement to exist.

<sup>2</sup> “Working age” is shorthand for adults below the age at which a person becomes eligible for benefits as a retired person and above school age – that period of a person's life during which the State declares they should be working to support themselves unless it judges they are unable to.

Our reforms put work, whether full time, part time or just a few hours per week, at the centre of our welfare system. As such it extends a ladder of opportunity to those who have previously been excluded or marginalised from the world of work.” — The Rt Hon Iain Duncan Smith MP, Secretary of State for Work and Pensions, in *Universal Credit: Welfare That Works*

As a *reform* UC represents both a continuation of and a departure from what came before, i.e. the welfare system. That is, in its “most far-reaching programme of change that the welfare system has witnessed in generations” the State<sup>3</sup>, on the one hand, continues to acknowledge that many of its subjects are in fact dependent on benefits while, on the other hand, attempting to tackle “the underlying problem of welfare dependency”. In doing so, the State teaches everyone a lesson about the nature of the economy it rules over and what it wants from its subjects.

## 1 More of the same: “helping them to flourish in work”

In the introductory quote, Iain Duncan Smith, then Secretary of State for Work and Pensions, expressed on behalf of the Government that it considers a working life worth aspiring to compared to a life on benefits. Yet, despite this apparent appeal and as communicated in the same quote, the State considered the number of people in receipt of benefits too high and set out to correct this figure downwards. It did so, not primarily by tackling the world of work or by educating those on benefits of the wonders of that world, but by tackling the benefit system. This is apt.

### 1.1 The unemployed

UC, just as income based Jobseeker's Allowance, which it replaces, is provided to those who are deemed able to work but cannot find a job: the unemployed. The State, in making this provision, acknowledges that there is, in fact, not enough work to provide a living for all who are dependent on it. Despite their best efforts, as judged by the State itself, those out of work cannot secure it, however hard they may try. That must mean that the decision to work or not is not one down to the jobseeker alone. Indeed, not one down to the good jobseeker at all, given the State accepts they are using their best efforts to find work but are failing to get it. The “most far-reaching programme of change” of the world of poverty and work in recent history has no intention of “tackling” this central obstacle so that “work always pays”. The State may offer subsidies to companies to employ more workers (subsidised apprenticeships etc.) but it does not interfere beyond this on that side of the employment relationship by mandating the provision of jobs. UC, like all that came before it, is

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<sup>3</sup> The reader might stumble over our use of “the State” here and might prefer “the Tories”, “the Tory government” or “the government at the time”. However, the basic principles of UC are broadly agreed across the political spectrum. Labour abstained from the vote rather than to oppose its introduction. While the *2019 Manifesto* promised to “scrap” UC, it only contained provisions to amend it and delay the roll out, alongside a vague promise to design a system which guaranteed a minimum income; something UC already does.

designed to maintain a contradiction in the world of employment in Britain: **(a) workers need work to live but this work is not provided when they need it.**

The State does not take it on faith that those who purport to seek work are indeed doing so. The State sets out, within the UC rules, just as it did before with JSA, detailed provisions regulating what the unemployed must do to search for work if they wish to receive the full amount of UC (discussed further below). In doing so, the State instils in its unemployed masses the continuous aspiration to live off work when they cannot. This insistence is not merely for the benefit of disciplining and educating those masses ("work [...] is seen to pay"). Rather it also keeps them in a state fit and available to work. The State arranges it so that when companies seek *workers* all available human resources in society are mobilised for them. If there is an idle, capable population it will seek *them* out, actively pursuing the work that employers offer. In making these arrangements the State acknowledges that not just workers but also companies need work, i.e. that **(b) companies seek to consume work when it is beneficial to them.** UC aspires to maintain not some surplus population but a useful resource for those who rule the "world of work", i.e. employers.

## 1.2 Those in work

About **40% of UC claimants have jobs.** In paying them some UC (and previously paying Working Tax Credit), the State puts on record that it does not think that these people do in fact "flourish in work"; "work pays" but it does not pay *enough* to make a living as a worker.

UC is available to those in work whether the reason their income falls below the level at which UC becomes payable is because they (1) have too few hours (the underemployed) or because (2) their rate of pay is too low (or some combination of both).

- **Low hours.** The State takes a similar approach with the underemployed, as it does with the unemployed. Just as companies are not required to employ a worker who is unemployed, but are given the freedom to do so when they judge that beneficial, the State does not force companies to provide more or a sufficient number of hours of work. The State accepts that each hour of extra work for which a company contracts is one which the company thinks suits its interests. The State recognises and supports the freedom of companies to not only decide on whether to consume work at all (unemployed) but also how much work to consume from a worker. Knowing that this does not mean sufficient hours for all employed workers, the State tops up the wages with UC; which is there to ensure that life as a part-time worker is no more miserable than the standard set by the State.
- **Low pay.** With UC the State aims to "make work pay" for workers on low pay not by mandating an increase in the minimum wage but by supplementing wages with benefits.<sup>4</sup> It tops up

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<sup>4</sup> The same government also increased the minimum wage. Yet, despite referring to that minimum as "the living wage", the State spends billions on UC for those in work which indicates it regards the rebranding as less than accurate.

the pay of workers whose income from wages it deems too low. This way, the State recognises that wages are a cost to companies; and costs are meant to be low. It recognises that **(c) the livelihood of workers is an obstacle to the appetite of companies to consume the work that workers have to offer**. The reason why workers go to work – their wage – is a detriment to those who employ them.

### 1.3 The (presently) unemployable

Finally, the State supports with UC (just as it did previously with Income Support and income related Employment and Support Allowance) those who it has decided cannot, for the time being, or perhaps ever, actually obtain work, or at least should not have to: now primarily people looking after children under three, the sufficiently sick and their carers. For these groups it removes their dependence on employment they cannot take up and provides for them. With this it recognises that the dependence of the livelihood of workers on work interferes with such elementary social functions as raising the next generation of citizens and other activities it considers socially useful.<sup>5</sup>

Yet, here, the State is not uncritical. At any particular time, it is concerned with whether those it has decided fit within these exempt groups really do fit: necessitating various “work capability assessments” and “work focused interviews” to check up whether individuals have really earned their time out from using work as their means.

In addition, via its continuous programme<sup>6</sup> of “welfare reform”, the State re-evaluates the boundaries of the groups which it thinks should be supported without having to look for work. For example, in 2007 and 2010, the legal test for how unwell a person has to be to be regarded as sick was significantly tightened. Similarly, the State has re-evaluated the circumstances under which it considers someone raising a child should not be required to work: at one time that was accepted to be the case where the child was under 16, before that was progressively reduced.

Thus, although the State takes on a role of supporting those who it thinks will not currently be able to make any sort of living from work, even if companies had a need for them, it is careful to continually re-evaluate this verdict. It re-evaluates both whether a person truly meets its current criteria for that group and also which groups really cannot manage with work. Here, on the one hand, the State identifies the wants of its subjects so immediately with the requirements that the economy places on them that it cannot fathom someone with caring responsibilities would want anything other than to work for somebody else's benefit.<sup>7</sup> As far as the State is concerned, passing a “fitness for work” test

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<sup>5</sup> “Carers provide an invaluable service to some of the most vulnerable people in our communities and the Government wants to make sure they get the support they need.” It is worth noting that the Government knows how to put a price on this “invaluable service”: £163.73 per month.

<sup>6</sup> As evidenced by the Welfare Reform Acts of 2007, 2009 and 2012 and before that the Jobseekers Act 1995, State Pension Credit Act 2002, Tax Credit Act 2002 etc.

<sup>7</sup> “For too long, the current system of carer benefits has failed to meet the different needs of carers and has trapped some

opens a wonderful world of opportunities to those it does it to. As far as it is concerned this “extends a ladder of opportunity to those who have previously been excluded or marginalised from the world of work”.

On the other hand, another, mundane, reason for the consistent re-evaluation of who is exempt from the imposition of work is cost.

#### **1.4 “Life on benefits”**

The costs of a working class household are a given datum – they need to pay rent, for food, clothes, education, furniture, etc. – but their income varies according to calculations made elsewhere: hourly wages × hours paid. The State sympathises with both parties in this conflicting relation. With the holy right of employers to provide work according to their calculations (which may or may not result in a livelihood for workers), and with the plight of those having to seek their livelihoods through work.

It does this, first, by defining what costs of an average working class household it recognises as valid: to be met by benefits if no other income is available. In doing so, it defines the standard level of poverty, i.e. how many tins of beans and new coats a household gets to enjoy. As currently being demonstrated with the “£20 uplift” to the standard allowance that was paid during the early part of the Covid-19 pandemic being withdrawn, it can at any point change its mind, in this case reducing the income of one in four working-age households by £86.67 a month in a single stroke.

It does this, second, by setting the maximum amount differently for different situations. The State decides which of a family’s particularities are ones which it will generally recognise as worthy of extra support and how much that support amounts to. For example, you can have childcare costs included provided your children are below a certain age and your partner also works; your disability is at a sufficient level to merit a higher maximum; your first two kids should increase the amount but not your third etc. This system of varying maximum amounts for families in different circumstances has the benefit of keeping the overall cost of labour down. There is no need for wages to be set at a level where workers are able to manage from the wage regardless of their individual circumstances (whether that be large, but not too large, families or extra costs due to disability).

Thus, in order to enable its poor citizens to live off their wages, it removes from them the condition of having to live off their wages and supports them in times of no wage or too low a wage. The State decouples the survival of the majority of its working-age population from the immediate willingness of employers to consume their work *while* insisting on the survival of the majority of its working-age population being dependent on the willingness of employers to consume their work.

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people on benefits. [...] Most carers of working age want to retain a foothold in the labour market, not just for their financial well-being (i.e. out of the State imposed poverty levels, CC), but also to enhance their own lives (i.e. out of the State imposed poverty levels, CC) and the lives of those for whom they care (i.e. out of the State imposed poverty levels, CC). We intend as part of these reforms to provide support for carers and improve their opportunities to maintain links with the world of work.”

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This contradiction, a contradiction the State has produced and which it – as a capitalist state – has to produce, a contradiction which is at the heart of all welfare reforms including UC, explains how it relates to claimants:

First, as is exemplified with its “2 child policy”, which only awards an increase to the maximum amount for the first two children (and was phased in such that it will apply to any third or subsequent child born after April 2017), the State declares that it wants those whose incomes it at least partially supports via UC to face the same choices as made by those whose incomes are higher than the UC threshold: the wage does not increase as a family has extra children, and nor should UC after the second child is born. It removed its subjects' absolute dependency on employers as a means of obtaining a livelihood, but it *emulates* it and in so doing teaches a valuable lesson: the calculations of employers reign supreme.<sup>8</sup>

Second, the State's welfare system burdens its society with costs. Where it, on the one hand, removes the costs of a living wage from the balance sheets of employers, it, on the other hand, adds costs to their balance sheets in the form of taxation.<sup>9</sup> Every penny taxed from companies is a penny that eats into *their* benefits, the monetary gain they hope to make when offering work in the first place, i.e. profit. Similarly, for those workers earning more than the UC threshold the tax rate they pay contributes towards making them welfare recipients. Thus, the State becomes critical of the standard of living of workers and the fact that welfare spending props up this standard, critical of these costs to itself and to employers, and tackles this challenge by correcting benefits downwards. It considers that the poverty thresholds in its society are unaffordable for itself and its society. Therefore it makes previously considered necessary expenses unaffordable for those on benefits in order to practically establish that “a life on benefits is a poor substitute for a working life”. Yet, this way it also then establishes a new lower limit not only for those five million households on UC but also for everybody else who is now competing on a job market with the members of those households.

## 1.5 The workers' state

The welfare state, pre and post UC, is an indictment of the capitalist mode of production. Looked at soberly, the provisions of the welfare state express the State's insight into the world of work: (a) workers need income from work but it is not provided when they need it, (b) work is set in motion only when it benefits employers and (c) this benefit is limited by what workers get to live on. The State recognises that the reason why workers go to work, their wages, is an obstacle to the reason for

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<sup>8</sup> “The current benefits structure, adjusting automatically to family size, removes the need for families supported by benefits to consider whether they can afford to support additional children. This is not fair to families who are not eligible for state support or to the taxpayer.” — [Treasury/DWP Impact Assessment](#) for the Welfare Reform and Work Bill 2015 which as the Welfare Reform and Work Act 2016 introduced the “two child rule”.

<sup>9</sup> The British state, like other capitalist states, finances itself also through ever increasing borrowing. However, the foundation for this borrowing is its tax authority and the strength of its national economy. We thus do not discuss it further here. See [Sovereign debt and the crisis in the Eurozone](#).

their employment. It recognises that without state intervention, the capitalist mode of production does not even provide the members of its society with a subsistence level of living.

For its part, the welfare state, that department where the capitalist state provides for its working class, where it is the workers' state, expresses first of all that the livelihood of workers is the object of calculations made by others. The continuous re-evaluation of their living standards as a burden to the State and companies is no deviation from good governance, but the logical consequence of looking after an interest that is dependent on calculations made elsewhere. People whose interests are made dependent on working for somebody else's wealth need this wealth in other people's hands: they must accept that their own livelihood is an obstacle to their livelihood; that they are human resources. As such, the workers' state caters to them.

## **2 Self-critique: “The most far-reaching programme of change that the welfare system has witnessed in generations”**

To recap, in catering to its human resources the State produces a contradiction: it removes the condition of being a human resource from them, by providing an alternative life on benefits which is not immediately dependent on employers' desires. It ensures that workers can live off their wages by paying them benefits when it judges these wages are not enough. But in doing so, it removes the need from them to live off their wages. The history of welfare state reform is a history of the State addressing this contradiction, adjusting its provisions out of frustration with the work provided by its poor masses, be it motivated by the cost of their expenses to itself and employers, in response to a crisis of those who provide employment, by changing requirements in the world of work, or a mix of all or any of these factors.

With UC, the State aimed to (1) increase incentives for poor people to seek (more) income, (2) address and enable an increased appetite of employers for precarious employment and (3) generalise its pressure to seek (more) income to encompass not just those who were un- and underemployed, but to all who are poor and could work.

### **2.1 The taper rate: “people will be consistently and transparently better off for each hour they work and every pound they earn”**

To calculate the amount a particular claimant (or claimants if it is a couple) receives, the following process applies under the UC rules:

1. Assess the maximum amount to be paid for a particular claimant. These are the amounts for each individual in a claim and in some cases for housing costs, childcare costs, costs of a significant disability or unpaid caring for a person who is severely disabled.



2. Calculate and deduct from this maximum figure:

- 100% of unearned income, e.g. presumed interest from savings<sup>10</sup> or other benefit income; and
- 55% of earned income, i.e. income from working.<sup>11</sup>

3. Pay the balance as UC.

The difference in treatment of unearned and earned income is an important feature of the scheme: the fact that the Universal Credit is not reduced by the full amount of any increase in wages, but only ever by 55% of such an increase, is a key part of “making work pay”: it guarantees that claimants will receive at least 45 pence of every extra pound of wages, after tax.

With its taper rate provision, the State interjects itself into a continuously ongoing negotiation between workers and employers. As discussed above, the costs of a working class household are a given datum. For the process of employment to continue normally without state intervention, their wages must cover these costs. Roughly speaking, just like the price of any commodity must cover the costs of making it, the price of labour must cover the costs of providing it, i.e. must be enough for workers to live on. On the other hand, the income of workers who are affected by the taper rate are, as also discussed above, wages per hours × hours worked. Thus, there are two ways to earn more: earn more per hour or work more.

- **“Every pound they earn”.** The State in recent years professed its ambition to move more people into *better paid jobs*, i.e. jobs offered by employers for which they are ready to pay more than the minimum wage out of their own calculations.<sup>12</sup> Clearly, employers are only prepared to pay more than the minimum wage when they cannot find the workers they want at minimum wage itself: it is their means to entice, say, a specialised workforce to work for them. With UC the State recognised that its previous welfare system stunted this tool in the employers’ toolbox when it came to UC recipients (see below).

Behind this is a **recurring worry** of the British State about the low productivity of UK industries. Here, “productivity” means how cost-efficiently something can be produced, and signifies a central weapon in international competition. Indeed, in this competition productivity is often the decisive weapon rather than simply low wages. A specialised workforce – that also costs more to keep – in a state-of-the-art factory can and routinely does outperform a cheap but unspecialised workforce. What matters is the *difference* between costs and return, not low *absolute*

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<sup>10</sup> A claimant or couple having savings over £16,000 will not be entitled to Universal Credit.

<sup>11</sup> In the case of people with kids and the sick then some earned income is not subject to this “taper rate”.

<sup>12</sup> “The Department for Work and Pensions set up the In-Work Progression Commission in March 2020 to look at the barriers to progression for those in low pay roles, particularly for those with whom the Department comes into contact through its Jobcentres.” — DWP. *Supporting progression out of low pay: a call to action*

costs.<sup>13</sup> It can thus be useful for an employer to pay higher wages if the work they consume in return leads to higher returns. The calculations in the wage brackets north of the minimum wage are no different to those at minimum wage: employment is beneficial to an employer and thus provided if the income to them enabled by that work is higher than the cost in wages, the higher the better.

- **“Every hour they work”.** But the more immediate concern of the UC whitepaper and UC is hours worked. Since employers have an appetite for work to the extent that it is beneficial to them, i.e. profitable, their immediate interest is not to cover the costs of their employees but to consume as much (or as little) labour as they deem fit. An employer seeks to induce a worker to work extra hours through the payment of hourly wages: They implant *their interest* of consuming as much profitable labour as possible into their workers through this provision. While the economic reality underlying an employment relation (without State intervention) is that workers need to cover their costs of living, the hourly form of payment, the way in which they are paid, disregards this need and thus implants the interest of extracting more work from them *in them*.<sup>14</sup> That is, in this way, workers, given the wage is rarely enough to cover their costs, are often prepared to work an extra hour under this arrangement: sharing their employer's interest in them providing exactly as much work as is needed.<sup>15</sup>

Under the previous system, a worker with a low wage on means tested benefits (i.e. Housing Benefit and Tax Credits) could see as much as 94% of any increased payment for work swallowed up in reductions to benefits. The method of calculation of UC seeks to overcome this problem by ensuring the benefit system does not undermine the incentive employers offer to work extra hours: it aligns its support for workers with the effort of the employer who contracts for an hourly rate. The arithmetic of the calculation contains the promise that an extra pound of wages, after tax, will always allow the worker to increase their income by at least forty five pence. This way the “working pattern that modern employers [...] need” is successfully implanted in the interest also of the “individuals” who work for them and receive UC:

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<sup>13</sup> See *Do employers always aim to suppress wages*.

<sup>14</sup> “From the law stated above, namely that the price of labour being given, the daily or weekly wage depends on the quantity of labour expended, it follows, first of all, that the lower the price of labour, the greater must be the quantity of labour, or the longer must be the working day, for the worker to secure even a miserable average wage. The low level of the price of labour acts here as a stimulus to the extension of the labour-time.” (p.688) “Given the system of piece-wages, it is naturally in the personal interest of the worker that he should strain his labour-power as intensely as possible; this in turn enables the capitalist to raise the normal degree of intensity of labour more easily. Moreover, the lengthening of the working day is now in the personal interest of the worker, since with it his daily or weekly wages rise. This gradually brings on a reaction like that already described in time-wages, quite apart from the fact that the prolongation of the working day, even if the piece-wage remains constant, includes of necessity a fall in the price of the labour.” (p.696) — Karl Marx. *Capital*. Volume 1.

<sup>15</sup> This interest of workers in working more is so strong that many states prohibit them and their employers from contracting more hours in a day or week than some legal limit. A legal working week exists in the EU (the Working Time Directive 2003/88), but the UK opted out of this provision already when it was a member state: an opt out it exercised by letting workers *choose* to opt out of the **48 hour working week**. Historically, the UK did have legal limits to the working day.

“The current system incentivises many people to work no more or less than the minimum hours required to qualify for Working Tax Credit. This fails to reflect the flexible working pattern that modern employers and individuals need.” — *Universal Credit: Welfare That Works*

## 2.2 The complexity of simplicity: “cut through the complexity of the existing benefit system”

The simplicity of the taper rate – always 55% – is part of a broader push to make the benefit system easier to understand: “At its heart, Universal Credit is very simple and will ensure that work always pays and is seen to pay.” That is, this simpler system is intended to make it easier for workers to make decisions about work.<sup>16</sup> For workers to be able to survive and thrive as workers, work needs not just to pay, but to be seen to pay so that such calculations can be made: how much will an extra hours work provide? The previous system was often much less obvious. A worker wishing to know how much money they would earn from an extra hour at a given rate would often need to understand two systems: first how the extra hour and the increased wage it produced affected Tax Credits, then how the extra hour, increased wage and the new level of Tax Credit, affected Housing Benefit. Needless to say, not many people were confident in making such calculations.

Yet, the taper rate alone cannot satisfy the appetite of “modern employers” – and consequently of the “individuals” who work for them – for “flexibility” such as zero-hour contracts. The State thus sets out to simplify its benefit provisions to make it easier to work, say, ten hours one week and one hour the next: This way it makes “it easier for people to get the help they need, when they need it”, a need produced in them in response to whether an employer needs them this week. The calculations of employers about how many hours to contract at any given time is thus completely freed from considerations about the costs of living of those providing the work.

Under the previous system, (temporary) changes in income produced the need to interface with several departments to get Housing Benefits, Jobseeker's Allowance, Tax Credits adjusted or reclaimed. For example taking up 16 hours work or earning more than £5 above Jobseeker's Allowance rate would cause Jobseeker's Allowance to end. That could then cause the Local Authority to query what a person's income was for calculating Housing Benefit: if the query went unanswered Housing Benefit could end. Possibly a claim for Tax Credits would be needed. The worker who took up the opportunity to work under that system was taking on hours of unpaid administrative work in dealing with these bureaucracies. If the work ended a week or so later, it all had to be done again. Even if the worker could navigate that minefield, in many cases benefits would be paused whilst the bureaucracies considered the issue: leaving the worker suddenly without enough income to even get the bus to

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<sup>16</sup> That it fails adequately to achieve this has been one of the critiques and a source of legal challenge: for example in *SSWP v Johnson* [2020] EWCA Civ 778 workers who were paid on different dates in some months where normal payday would have fallen on a weekend challenged successfully the rule which attributed two salaries to them in those months and none in another. The system had not made it easy for them to calculate their wages.

the work they had earlier been so happy to find. Under UC this process is streamlined, to the point of requiring no intervention from the claimant.

A second benefit of simplicity is “to reduce administration costs”. The complex system of rules the State has established in order to square the circle of maintaining workers as workers by removing the need to be workers from them, also makes this system costly to administer. Special provisions need to be checked, edge cases accounted for. Yet, despite high hopes, the administrative simplicity of a single calculation and a single department does not abolish the need for detailed rules. The State must still sort claimants into conditionality groups and provide for a detailed assessment of income in calculating how much support is owed. None of the existing reasons for bureaucratic rules to come into existence are abolished and therefore few of the rules are: the system for assessing whether someone is too sick to expect them to work are carried over unchanged as are many of the rules for calculating income and savings.

This is not to say they did not simplify at all. For example, previously the rules for tax credits disregarded income from maternity allowance in the means assessment for tax credit. Maternity allowance is a benefit paid to pregnant women and new mothers who have some work history but not enough to qualify for statutory maternity pay (perhaps because they had been self employed rather than employees or had worked for too short a time or did not earn enough). However, UC treats maternity allowance, as unearned income – meaning it is taken into account in full, causing an equal reduction in UC. The reason given is that this is not a benefit paid by employers (whereas statutory maternity pay, which is paid by employers and then recompensed by the State, counts as earned income and therefore attracts the UC taper). It is said to be simpler to treat only income paid by employers directly as earned income.<sup>17</sup> Making rules simpler generally involves changes of this sort: they are simpler because they provide less room for the specific circumstances of a person's situation to be considered. The brutality of simplification, where it can take place, thus is that quite often such programmes simply abstract away actual differences between people in order to treat them all equally.

### **2.3 Conditionality: “a new contract between people who have and people who have not”**

”The clear financial incentive provided by Universal Credit will be backed up by a strong system of conditionality; unemployed people who can work will be required to take all reasonable steps to find and move into employment. Conditionality will be responsive to an individual's circumstances – reflecting, for example, that whilst the majority should move into full-time work, for some people there may be temporary periods when part-time work is appropriate (for example, for some lone parents).

Strengthened conditionality will in turn be supported by a new system of financial sanctions.

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<sup>17</sup> See *Moore v SSWP*

The new sanctions will provide greater incentives for people to meet their responsibilities.” —  
*Universal Credit: Welfare That Works*

The designers of Universal Credit announce with this statement that they doubt whether their efforts to make work pay will be sufficiently successful: they fear there are those for whom keeping 45% of any increase in wages is insufficient temptation, no matter how simple they make it, to produce the desired result.

A central innovation of UC is that the “conditionality” regime will apply to almost all claimants. “Conditionality” refers to the activities a claimant must perform to get the full amount of their benefits. It can include the requirement to look for work, or to attend a employment course, improve your basic maths skills, update your CV and so on.

Important differences from the previous regime are:

- Those already working over 16 hours a week (or 24 for couples) also can be required to perform conditionality activities. Those in part time, low waged jobs may therefore be required to spend the time out of work looking for more or better paid work.
- Each member of a couple has conditionality imposed on them. Under the previous system, generally only one member of a couple needed to meet conditionality.

The conditionality regime under UC works firstly by dividing claimants into groups. There is a small group of those not required to do anything: lone parents with kids under one, the most disabled, full time unpaid carers and the old. Next there is a group who are not compelled to work, but are compelled to spend time making themselves work ready: parents with kids under three and those judged too sick to work, at present, but who are not regarded as so unwell they should have to do nothing to obtain full benefits. Finally there are those who can only obtain the full benefit if they are making every effort to obtain work.

Failure to live up to the standards imposed can result in a sanction which can reduce UC by the whole of the amount a person is given for meeting their basic living needs.

If ever fully rolled out (see below) the system allows for the State to determine the number of hours a claimant must spend in work search each week which is based loosely on the number of hours a person should, in its view, be working. The baseline is 35 hours a week. That baseline is then reduced dependent on how many hours the claimant already works and the level of childcare responsibilities or volunteering activity a claimant has. Conditionality can be escaped for those claimants who earn an amount equal to the number of hours they are required to be available for work multiplied by the minimum wage. So, for example, a person earning £50 per hour for 8 hours would not need to do anything extra but a person earning minimum wage for 20 hours might still have to perform job searches for 15 hours. In contrast, under the old system, conditionality was only attached to the JSA. Someone working 20 hours a week on minimum wage would not have been entitled to JSA and thus could have received Child Tax Credits and Housing Benefits without the need to look for more work. Another way

of saying this is that conditionality – and thus the need to find (more) work – was previously attached to Jobseeker's Allowance but is now designed to be attached to all benefits combined under UC and comes with the threat of no payment at all.

In circumstances where a person has managed to do less than the required number of hours of work search, but have used their best efforts to obtain work, that will be considered sufficient. Given that how much work is available is not a question of how many people are looking for work, but rather of the need that businesses have to use workers, requiring a claimant to do all that they can reasonably do to find work is adequate. After all, once that is done, a person has done as much as they can in the competition for jobs. Whether or not they are successful within that competition, and how many people will succeed overall, is nothing to do with the need of workers for work. What is accomplished this way is that all idle human resources in society are mobilised to fill any open positions that employers seek to fill.

The mechanism for determining what activities and how much of them a person must perform to get work, or more work, or better work and thus avoid a sanction, is devised in such a way as to better mirror the experiences (of spending your time focused on work) the State thinks a claimant should be having on the labour market. By aligning experiences on benefits with those on work and setting work-search requirements in this way then the differences between being poor in full time work and being equally, or slightly more, poor out of work or in part time work are eliminated. At that point perhaps the promise of 45p retained for every pound of extra wages earned becomes more attractive: Spend 35 hours a week either working or looking for work or spend 35 hours a week working and increase your income.

As of writing, these rules are not fully in effect. At present the system operates such that if a person earns more than £5 above the amount of UC that is normally paid to meet basic living needs (the base rate excluding e.g. housing or childcare costs) then no conditionality can be imposed. This mirrors and reproduces the old system of attaching conditionality to JSA only. Indeed, research conducted on behalf of the State suggests rolling out the full set of rules described above may not in fact much increase the amount people earn from work.<sup>18</sup>

If ever fully implemented, with those changes UC would extend conditionality requirements to millions of additional people. Where the previous regime had the standpoint of imposing conditionality on those the State deemed to have not worked enough hours (16 hours under JSA rules), the UC standpoint is that conditionality now applies to almost everyone who is poor and deserving enough to qualify for UC (one would potentially have to work a full 35 hours at minimum wage to avoid conditionality). The State radicalises its demand against its poor citizens: faced with the inability to secure a sufficient income from work, hustle to secure sufficient income from work.

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<sup>18</sup> The randomised trial found very modest increases to work for those subject to more interventions.

### **3 “Our reforms put work, whether full time, part time or just a few hours per week, at the centre of our welfare system.”**

On the one hand, we have to disagree with The Rt Hon Iain Duncan Smith MP, former Secretary of State for Work and Pensions, here. Work was always at the centre of the welfare system. It always dealt with the fact that the livelihood of workers depends on employment, but that this employment is not provided with the purpose of giving them a livelihood, and is instead due to profit calculations made elsewhere. These calculations rely on the continuous provision of affordable labour, but do not provide for its continued provision. Companies consume as much and as little labour as is beneficial to them, producing unemployed and underemployed workers as well as citizens who struggle to produce the next generation of citizens. The welfare state, since its inception, dealt with this contradiction by introducing a new one: it removes the absolute dependence on the wage from a workers' existence in order to provide for the continued possibility of living from a wage.

On the other hand, The Rt Hon Iain Duncan Smith MP is absolutely right in his characterisation of his flagship reform. UC was designed to readjust the parameters of the welfare state to heighten the dependence of claimants on the calculations of employers: it makes their offer to extract more labour – when they deem fit – more striking (taper rate), it accommodates their appetite for employment contracts independent of costs of living of their employees (simplicity) and it makes their offers impossible to refuse when everything else does not help (conditionality).

This is the way in which UC upgrades the British workers' state for the current period of capitalist accumulation. With UC the welfare state caters to the needs of those “modern individuals” who rely on work as an income, needs imposed on them by employers. In other words, the welfare state, also in its UC incarnation, is not a service to employers but one to their (potential) workers. It looks after them as workers, and it is them who then spend most of their existence in service to their employers – or trying to. The workers' state ought to be criticised not because it does not service workers but because it does, for “to be a productive worker is not a piece of luck, but a misfortune.”<sup>19</sup>

### **4 Appendix: Autumn Budget 2021**

In the Autumn 2021 budget the Chancellor Rishi Sunak announced that (a) the taper rate would be reduced to 55% from 63% and that (b) the untapered amount, the Work Allowance which is available to those in work who have children or health problems, would be increased by roughly £40 per month. With this move the Government responded to criticisms, including from their own party, for removing the £20 a week uplift introduced as a temporary Covid measure. In doing so, the Government kept with its recent approach to “soften” benefit cuts with tweaks to the taper rate that leave those out of

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<sup>19</sup> Karl Marx. *Capital*. Volume 1, p.644. A book we highly recommend to anyone.

work on benefits worse off and those in work relatively better. In other words, the Government kept with its ambition to “make work pay” by relatively impoverishing those who cannot.

## 5 Changelog

- 2022/02/09: Our previous example on simplification in UC was wrong. We thus replaced it with a correct example.