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# New Labour = Cheap Labour

## *“New Deal” Threatens Claimants*

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In 1998, the Labour Government introduced the "New Deal", its scheme to push claimants off benefit and into work. This scheme is being piloted in selected areas from January and will be introduced throughout the country in April.

The government is doing its best to present the New Deal in a positive light, as an "opportunity" for claimants to escape from poverty and exclusion into prosperity and full participation in New Labour's vision of Society. Actually, it is not interested in eradicating poverty or exclusion, but merely in reducing the number of unemployed. Claimants will be pushed into poorly paid, insecure, exploitative jobs. The only ones better off will be the bosses — making even greater profits from the low paid!

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### ***Who will be targeted?***

The New Deal is mainly aimed at young people, aged between 18 and 24, who have been unemployed for more than 6 months.

However, the following are also marked for attention:

- Older claimants who have been unemployed for more than 2 years
- People with disabilities
- Lone parents
- Former regular members of the armed services
- Those who have become unemployed as a result of large scale redundancies
- Young people who have recently left local authority care.

### ***How will it work?***

It looks as though claimants will be presented with a series of options, backed up by the threat of withdrawal of benefit.

First of all, you will be pushed through the "Gateway". This preliminary process will last for a month or so and will be run by private recruitment agencies. A "personal advisor" will soften you up and try to talk you into accepting one of the following:

1. A "normal" job.
2. A subsidised job, lasting six months or more, with one day a week's training. Your employer will receive a subsidy from the government of up to £75 per week. You will get whatever the employer sees fit to pay you. Even if the Government does (as it has promised) bring in a minimum wage, you are unlikely to be protected by it.
3. Full time vocational education or training. Although this can last up to a year, it would be *very* limited, with the emphasis again on eventual long-term employability.
4. Work with an Environmental Task Force, such as reclaiming waste land. This will be similar to the work that the Probation Service currently enforces under Community Service Orders! You will be paid "benefit plus" — that is, your usual benefit plus about £15.
5. Work in the Voluntary Sector, working with charities or community organisations, again for "benefit plus". The emphasis here, as well as in the environmental option, will be on improving your long term "employability" and instilling "skills and work habits appropriate to the workplace".

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### ***And if I don't play along?***

What do you think? If you fail to take up a place in one of the New Deal options, the Employment Service will simply press a job on you. If you reject that, your benefit can, in principle, be stopped — first for 2 weeks, then for 4 weeks, then indefinitely.

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## **it as bad as this leaflet makes it sound?**

In response to criticisms, the government has announced a series of concessions designed to make the New Deal sound less draconian. These include:

- New Deal jobs should continue beyond the six month period — where possible. If not, the six months' placement should at least offer a "high quality opportunity" for you to improve your employability.
- Companies taking on New Deal employees must agree not to sack existing workers to create vacancies (this is known as "substitution").
- The government has said that it expects companies to pay New Deal employees the "normal" rate for the job.
- There will, apparently, be help with childcare on all New Deal options.
- From later in 1998, claimants will be offered help to move from unemployment to self-employment.
- A confidential hotline will be available to employees to report possible abuses.

The bottom line is that, until the New Deal is actually implemented, we won't really know what its effects upon claimants will be. We are, however, suspicious. Despite the safeguards the government claims to have built in to the new system, it seems inevitable that claimants will be pressurised into taking very low paid jobs and then exploited:

- All the evidence so far indicates that private employers who are signing up to the New Deal regard it as a source of cheap labour.
- Private recruitment agencies will be brought into Job Centres to administer the placement process. Claimants will be dealing, not with Employment Service staff, but with companies whose primary goal is to generate profits.
- It seems likely that most of the "opportunities" created will be in low-skilled areas where the notion of "training" becomes almost meaningless.
- Maybe the ban on "substitution" will mean that existing workers aren't laid off to make room for subsidised New Deal workers. But it seems inevitable that subsidised workers will be taken on at low rates of pay in preference to recruits from the "normal" labour market.
- The very fact of creating hundreds of thousands of subsidised jobs seems bound to drag down wage levels throughout the labour market. The government has promised a minimum wage. But there is every indication that claimants targeted by the New Deal will be excluded from this!

In the long term, the entire working class will suffer from the effects of the New Deal.

**Only the bosses will get richer.**

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## **What can we do to protect ourselves?**

Make no mistake, the government are serious about this. According to Employment Minister Andrew Smith, "...for fit young people, continuing on benefit is not going to be an option". New Labour clearly see this as a crusade to be pursued with almost religious — even psychotic — zeal: the only good citizen is a **working** citizen.

Arguably, the real purpose of the New Deal is less to push claimants into work than to keep those already working in line. In practice, it may all turn out to be less draconian than it sounds. The Employment Service is seriously understaffed. And chances are that the jobs just aren't out there. So:

- get informed — find out about the New Deal: the more you know, the better you can stand up for your rights;
- spread the word — make sure other workers and claimants know what is happening;
- don't be intimidated — that's what they're counting on;
- and, above all — **carry on claiming!**

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**Haringey Solidarity Group** (c/o p.O. Box 2474, London, N8. Phone 0181-374-5027) and **Hackney Claimants Group** (c/o 56 Clarence Road, London, E8. Phone 0181-533-7111) are two of a number of groups who are coming together to campaign for the rights of claimants. We will be leafleting Job Centres throughout the run-up to the New Deal and would welcome practical support. We also need all the information we can get about:

- developments in particular Job Centres;
  - private recruitment agencies providing New Deal training and services;
  - companies taking on employees under the New Deal;
  - pressure or sanctions brought to bear on individual claimants.
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