Published on *Adam Smith Institute* (http://www.adamsmith.org)

This curtailing benefits idea [1]

Written by **Tim Worstall** [2] | Monday 7 January 2008

David Cameron has been getting some flak for suggesting that those who are on benefits and who refuse to take jobs or training when offered might lose some of their benefits. That, disaster, there might be time limits on how long they can continue to claim even. What puzzles me is not the idea, but the flak, the horror that the idea has engendered in some quarters.

For what he's actually done is exactly what everyone claims they want to happen, he's embraced bipartisanship. A few years back (in 2000 to be precise) Richard Layard and others presented a report [3]* with a foreword by Tony Blair, who fully endorsed it. Here's one of their two crucial recommendations:

> *It should not be possible for a person to continue in unemployment year after year, living on benefit. Instead there should be a system of mutual obligation. The state should have the duty to secure offers of work or training for everybody within one year of becoming unemployed. And in return the individual should have the obligation to take advantage of these offers.*

They also go on to add that "But it is also vital that people who receive offers and repeatedly reject them should lose some or all of their benefits,..."

So, that's sorted then, this isn't some nasty right wing idea to bash the proles, it's the considered opinion of one who is both a Labour Peer and one of the leading labour market economists in the country.

Oh, and the second major recommendation?

> *The other key requirement is greater flexibility of wages, especially as between regions. (...) So there have to be mechanisms which allow wages to grow less fast in the high unemployment regions. In most cases the mechanism will involve a greater decentralisation of wage-setting.*

That is, that we should end the current system of having national wage scales for the police, nurses, teachers, civil servants and all the rest. Go on David, I dare ya! You could always wheel out Lord Layard in support.

* To be boringly accurate, they were talking about the EU as a whole but there's nothing in their analysis which excludes the same conclusions from being applied to the UK.

blog comments powered by Disqus [5]

Source URL: http://www.adamsmith.org/blog/welfare/this-curtailing-benefits-idea

Links:
[1] http://www.adamsmith.org/blog/welfare/this-curtailing-benefits-idea
[2] http://www.adamsmith.org/taxonomy/term/5778
[3] http://www.dwp.gov.uk/publications/dwp/2004/pol_full_emp/layard_report.pdf
[4] http://disqus.com/?ref_noscript
[5] http://disqus.com