

# **The UK social model from a lifecycle perspective.**

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# Typologies of social models

- a flexible labour market
- a residual welfare state
- a weak but gender unequal family system

Investigate with respect to four life stage transitions

# **The school to work transition**

Major changes in labour market policy	Positive aspects of labour market	Negative aspects of labour market
Minimum wage -16-17 and 18-21 below adult rate	Lack of close match education/ training and jobs promotes absorption	Limited development of skills- most in employment without training. Graduates may be underemployed. High non employment amongst lowest qualified
Major changes to the welfare state	Positive/Strong aspects of welfare system	Negative/ Weak aspects of welfare system
Expansion of higher education- increased costs to students	Higher education- even under new funding arrangements	Training- but limited by labour market High non education/ training inactivity rate among young
Major changes to family and gender relations	Positive aspects of family/gender relations	Negative aspects of family and gender relations
<p>Family/individual bears more of the costs of higher education</p> <p>16-18 year olds supported at school from low income households</p> <p>Women outnumber men among students</p>	<p>Most students from middle classes so changes redistributive</p> <p>New loan systems gives access to individual students, not dependent upon family</p>	<p>More difficult for those from low income families to go to university but offset by bursaries.</p> <p>Students expected to fund own studies through loans and working- sometimes less parental support.</p> <p>Weak tradition of families supporting young adults.</p>

First employment to career  
and independent households

Major changes in labour market policy	Positive aspects of labour market	Negative aspects of labour market
<p>Minimum wage for adults.</p> <p>Closure of pension schemes to new entrants</p> <p>Pay in private sector determined by management</p>	<p>Opportunities at young ages for both entry to employment and access to promotion at relatively young age facilitates setting up of independent households/ family formation</p>	<p>Wage inequalities increase by education rapidly in 20s/30s.</p>
Major changes to the welfare state	Positive/Strong aspects of welfare system	Negative/ Weak aspects of welfare system
<p>Young people now having to repay debt for education when entering into stable/higher paid jobs</p>	<p>Early end to education- facilitates establishment of careers especially for women</p>	<p>Housing- limited public rented sector- private sector not strongly regulated.</p>
Major changes to family and gender relations	Positive aspects of family and gender relations	Negative aspects of family and gender relations
<p>Increased costs of housing- more reliance on family for assistance</p> <p>High rate of independent household formation</p>	<p>Early entry to employment facilitating formation of independent adult households.</p>	<p>Increased reliance on parental help to enter housing market exacerbates problems/ inequalities for those from low income households</p>

# **Prime age transitions :**

**job to job;  
non employment to employment;  
parenthood**

Major changes in labour market policy	Positive aspects of labour market	Negative aspects of labour market
<p>In work benefits for those on low wages  Minimum wage for adults  Rights to request flexible working/take more leave</p>	<p>Permeable internal labour markets - mobility combined with quite high job tenure, for some, moves in and out of the labour market for others  Women able to re-enter work-but in part-time jobs</p>	<p>In work benefits-complex plus negative impacts on second earners-pressure to accept downgraded work  Part-time - negative impact on life time earnings-right to request flexible working may improve job quality  Long full-time hours limit options</p>
Major changes to the welfare state	Positive/Strong aspects of welfare system	Negative/ Weak aspects of welfare system
<p>In-work benefits, - intensified requirement on all to seek work  Increased childcare and leave</p>	<p>Long term means-tested support for those not able to work</p>	<p>High rate of clawback from in-work benefits extended to large share of households.  Low level of support for mothers/fathers but improving</p>
Major changes to family and gender relations	Positive aspects of family and gender relations	Negative aspects of family and gender relations
<p>High/rising share of lone parents; high/falling workless households.  High/rising female employment</p>	<p>Work-life balance on political agenda –political social support for women's careers (medium fertility rate)</p>	<p>Most women working part-time-high cost of underutilisation of potential  Long hours plus focus on promotion at young age reduces opportunities for fathers to participate in childcare and mothers to work full-time.</p>

# Employment to retirement

Major changes in labour market policy	Positive aspects of labour market	Negative aspects of labour market
Closing of private sector final salary pension schemes Introduction of age discrimination legislation.	Relatively high employment rate for older workers- low unemployment for young reduces pressure on older workers to retire	Strong age discrimination Pension provision fragmented- dependent on employer/work history/ occupation Limited phased retirement - pension rules Flexible labour market-elderly care provided on the cheap
Major changes to the welfare state	Positive/Strong aspects of welfare system	Negative/ Weak aspects of welfare system
Higher guaranteed income for pensioners-means-tested Government plans only partially fill gap in private sector pensions	Good public sector/ private sector large employer pensions for current retirees Elderly assessed for and receive care according to needs (80% of elderly care state funded)	Low state pension/ low coverage for women- new higher guaranteed minimum income- plans to restore link to earnings but still gap in occupational pensions. Problem of shortage of supply of elderly care support
Major changes to family/gender relations	Positive aspects of family and gender relations	Negative aspects of family and gender relations
Gender inequality in pensions despite change in female employment	State support for elderly care services replacing family. Issue of financing care by housing assets	High gender inequality in pensions/poverty Intergenerational inequalities with respect to pensions set to increase Elderly care services subject to labour shortage.

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Overall expectation- poor social support,  
individualised risks, high levels of  
inequality

Outcome of investigation: mixed verdict

# Typologies of social models

## Flexible labour market

High absorption/high inequality  
Strong scarring effects/strong gender effects embedded in system  
Increased but minimal state regulation, plus state support for low wage workers  
Little training/ employers withdrawing from pensions

## Family and gender relations

Recognition of partial/ fragmented family support in social policies  
But family increasingly important in educational/labour market outcomes  
Gender equality- combining work and family but unequal

## Residual welfare state

- Limited individual entitlements, strong reliance on means-testing, reliance on private sector for adequate pensions, utilisation of flexible labour market to provide social rights on the cheap

But

- Long term support for inactive, support for higher education, elderly care, health, increased, if mixed, resources for social policy

# Efficiency and Equity

## Efficiency

Early completion rates in education

Targeting of social provision- but complexities and poverty traps/ limits gender equality

## Equity

Class inequalities high and potentially rising but offset by improvement on child poverty

Inter-generational inequalities rising

Gender inequality high- but within employment and some improvements in support for parents

# Responsiveness

## Ageing-

- **improvements to basic pensions, better for women but from low level**
- **major problem of collapse of private pensions not solved**
- **Age discrimination embedded in recruitment/ promotion**

## Gender equality

- **Work life balance on agenda but need to do more to tackle problems of pay, hours and economic independence**

## Skills

- **Skilling through education fits with social norms in UK but fails to address skills for majority**
- **Need is also to encourage employers to design more skilled jobs into work organisation**

Responsiveness to challenges conditioned by past patterns of development and long standing social norms and attitudes.

# Conclusions

- The UK's social and economic model is changing and is more complex and more social than is often recognised.
- It is probably closer to the European model than that of the US- reinforced by higher social spending under new Labour.
- It remains a model based on high levels of inequality across several dimensions
- High social stratification found in both the labour market and the social system.