Making Work Seem to Pay? The Big Illusion

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Abstract:
The UK's Coalition government is planning what is presented as a 'radical' overhaul of the tax and benefits system through the introduction of a Universal Tax Credit. Though elements of the proposal are innovative, the proposal builds in part on Tax Credit schemes introduced under the previous New Labour government and on a distinctive strand of labour market policy that has been emerging for some time in several other countries. The intention of refundable tax credit schemes is to compensate for low wages and to 'make work pay' albeit in circumstances in which labour markets remain deliberately minimally regulated and are becoming increasingly flexible and polarised.

This paper draws on recent ESRC funded research which used in-depth interviews to investigate the experiences of recipients of the Working Tax Credit (WTC), introduced by New Labour in 2003. The research has explored the motivations of the recipients and their understandings of the WTC. The narratives disclosed by the research are complex and contradictory and suggest considerable confusion among recipients as to the purposes of tax credits. While there was significant popular support for the WTC, there is also an undercurrent of competing moral rationalities and resentments. Acceptance of the idea that the subvention of low wages by the state amounts to 'making work pay' is far from universal and may prove in the longer term to be precarious.

The paper considers the implications of these findings for the implementation of the proposed Universal Tax Credit in the UK and refundable tax credit schemes more generally.

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1 The is an edited version of a report - Dean, H and Mitchell, G (2011) Wage top-ups and work incentives: The implications of the UK's Working Tax Credit scheme, London: Department of Social Policy, LSE. Please do not cite or quote this edited version without prior reference to the author.

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Background

Working Tax Credit ('WTC') is an in-work means-tested cash transfer, payable to certain low-wage earners. It was introduced in 2003 as a successor to previous benefit schemes designed to top-up low wages: Family Income Supplement (FIS) (1970-1988); Family Credit (FC) (1988-1999); Working Families Tax Credit (WFTC) (1999-2003). It is due to be subsumed from 2013 by a new Universal Credit (UC) (Department for Work and Pensions, 2010b).

The original precedent for the provision of public subsidies to supplement low wages had been the eighteenth century Speenhamland system, first introduced in the Parish of that name, whereby Poor Law funds were applied to support the families of agricultural labourers whose wages has fallen below poverty-levels (de Schweinitz, 1961). The classical economists of the industrial age objected that this amounted to an interference with free-market forces and the Poor Law Amendment Act sought to ensure that none should receive poor relief except through the workhouse. The less draconian means-tested social assistance schemes that succeeded the Poor Laws in the twentieth century similarly ensured that nobody in full-time employment should receive relief to meet basic subsistence costs. Towards the end of the twentieth century, however, the new economic orthodoxy had come gradually to accept that competitive economies no longer had need of a reserve army of labour, but that labour supply should be maximised so as to promote investment, even if achievable wage levels at the margins of the economy are lower than the cost of living (Jordan, 1998). Following the example of the Earned Income Tax Credit scheme in the USA (Walker, 2005), the introduction of WTC unequivocally acknowledged that it was not only acceptable, but also desirable, that the government should effectively subsidise low-paying employers.

Associated with this shift in perception, the WTC formed part of a New Labour government's 'welfare-to-work' strategy, summed up in the mantra that 'work is the best form of welfare' (DSS 1998). The strategy had several strands. It had entailed on the one hand 'New Deal' schemes intended to assist or compel unemployed people, lone-parents and disabled people to participate in the labour market; an approach that was sustained for a decade and is in the process of being further developed by the UK's Coalition Government (DWP 2010a). On the other hand, it has also entailed measures to 'make work pay', including a National Minimum Wage, set at such a level (beneath the European Decency Threshold) that for many households it needed to be supplemented through the new tax credit schemes (Exell, 2001; Grover, 2005). Whereas the WFTC had been little more than a more generous version of previous in-work benefit schemes intended for working families with children, the 2003 reforms entailed a structural separation between a Child Tax Credit, aimed at both low and middle-income households, and the more rigorously targeted WTC aimed at low-wage earners, including certain workers without dependent children. Unlike its predecessors WTC was not a benefit intended primarily to support children, but to compensate for low-wages. A key (albeit untested) assumption behind the idea of a WTC administered by a tax authority, rather than a social security agency, was that payment would be more closely associated in the minds of recipients with work: it would be seen as reward for work and no stigma
should attach to it (e.g. Taylor, 1998). Low take-up rates for the new WTC in the early years of the scheme (HMRC 2006) provided no evidence to suggest that it was being perceived by potential recipients as any less stigmatising than previous schemes.

Earlier research on low-income workers' experiences (Dean, 2007a, 2007b; Dean & Coulter, 2006), though not expressly focused on WTC, incidentally revealed that for some recipients of WTC, having to rely on means-tested top ups left them feeling somehow undervalued at work. Some (not all) working parents looked upon their receipt of WTC as a form of welfare dependency, not as proper wages from a 'proper' job. Their reservations stemmed not from the considerable administrative difficulties that some had experienced with the WTC scheme (Citizen's Advice, 2005; Godwin & Lawson, 2007; Smithies, 2007), but the fundamental principle of the scheme. Understandably, none of the respondents in the study would readily acknowledge that they were being paid what they were worth by their employers, but for a few, it seemed this was a troubling issue: an issue relevant to their sense of identity and self-esteem.

There are subtle, underlying aspects of the relationship between WTC and recipients' behaviour and attitudes to employment that have not been captured in previous research. Research on the 'low-pay/no-pay cycle' (McKnight, 2002) questions whether much of the low-paid work characteristically to be found at the margins of the labour market is sufficiently secure to ensure that work is the best form of welfare. WTC will have contributed to a redistribution of incomes to lower income households (Sefton & Sutherland, 2005) and if the labour market were more stable and tax credits could be better administered, could it still be said that work - even low paid work - is the best form of welfare? Holding paid employment clearly can bring psychological and other non-material rewards (Coats & Max, 2005; Jahoda, 1982), but how might working for Tax Credits rather than for wages affect those rewards?

The Research

The research upon which this paper draws focused explicitly on the effects of WTC upon the work ethic and upon the meanings that people in subsidised low-wage employment attach to their jobs. Critics of the eighteenth century Speenhamland scheme had feared that wage top-ups financed under the Poor Laws might undermine the work ethic. Twenty-first century policy makers, in the UK and elsewhere, have come to believe that state financed wage-top ups can bolster the work ethic by providing appropriate incentives for participation in a low-wage labour market (Bennett, 2005; Millar, 2003). The UK Coalition Government have plans to take this further with the proposed introduction of UC (DWP 2010b) which is to be constructed to ensure that, in financial terms, claimants will always be marginally better off in employment, including part-time employment.

The policy thinking that had informed the WTC, similar schemes in other developed countries (Forman, 2010) and now in the UK the proposed UC is that it is desirable and even necessary in a competitive global economy indirectly to subsidise low-paying employers. Whether this is acceptable so far as low-waged employees are concerned depends not only upon whether they are able to obtain a sufficient income despite the nature of their employment, but upon whether this is achievable with dignity.
and a sense of self-worth. and whether it is commensurate with a right to 'decent' work (ILO 1999).

The research used in-depth qualitative methods to explore what implications WTC might have had for low-paid workers from different backgrounds and in different circumstances. Specifically, the study sought to investigate the meanings and expectations that recipients of WTC attached to the scheme; to identify the different ways in which the recipients of WTC experience their jobs and, in particular, their motivation and the sense of identity and self-worth that they obtain from work that is subsidised through WTC.

The fieldwork was conducted between July 2009 and February 2010. The sample for the project was constructed initially by door-knocking and snowballing at output area sampling points identified with the assistance of geo-demographic modelling consultants as having high proportions of low-income working households. In the event the sampling method proved less efficient than had been expected and additional sampling was achieved with assistance from a London based regeneration project and employment service provider, and a trade union with a large number of lower-paid members.

Interviews were conducted with 52 WTC recipients, of whom 36 were women and 16 were men. Of the participants 26 were partnered and had dependent children; 13 were lone parents and 13 had no children (of whom one was partnered and 12 were single). Overall, therefore, around three-quarters of the sample were caring for children. The sample was evenly divided between participants from the North of England (from the North East, North West and Yorkshire & Humberside regions) and from the South and Midlands of England (from London, the South East, South West, East and the East and West Midlands).

All the participants had had experience of claiming WTC, albeit that at the time of the interviews only 35 were currently in receipt. Forty-two participants (or their partners) were in employment at the time of the interviews (26 on a full-time basis); four were self-employed and six were currently unemployed.

**Employment Histories and Experiences**

The employment experiences described by the participants reflected by and large the nature of peripheral labour market conditions. At the time of the interviews the participants were in a range of occupations, though not necessarily on a full-time basis: ten were in un- or semi-skilled manual jobs; eight were in routine clerical/retail jobs; five were in low-paid personal social service roles (e.g. childminder, care assistants, a hostel worker); nine were in professional or self-employment (including two teachers, a 'training consultant' and three small business owners).

**Employment trajectories**

Most participants' working lives had involved a series of short term jobs, often interspersed with periods of full-time child care or unemployment. The experiences of the older members of the sample demonstrated that such patterns of employment were nothing new:
I have one daughter and most of these [short-term] jobs were while I had her and she was growing up … they fitted in between school times. … She was 14 when I divorced her father. … so more or less I’ve supported her meself just by travelling from job to job. I’ve been made redundant from office work five times and one driving job once. …. And also at that time, my daughter was six, seven and she was getting childhood illnesses so I’d have to have time off work to look after her. Some jobs because I had to use the transport service, it was awkward to get to a job if I had to nurse her for a couple of hours and then take her around to somebody to mind her while I went to work. So most of the jobs were handy while I was earning and then something’d crop up and I’d have to leave or whatever. [59 year old divorcee]

albeit that changing labour market conditions (e.g. Doogan, 2009) meant that it had been getting more difficult to find employment:

…when I left school I mean you could walk out of one job one day and walk straight in another the next … You can’t these days. [59 year old widow]

In this context, participants were often mindful of the growing preponderance of part-time jobs, including those providing less than 16 hours per week, the threshold beneath which workers did not qualify for WTC. Access to jobs was very much dependent on local labour market conditions:

Um, one of [the 40 or so jobs I've recently applied for] I, er, I just couldn’t get to, um, because of the distance and the other one was the distance weren’t too bad … but it was night work so you’ve got to try and get there … there’s no buses … [T]he other one … I didn’t like – the money was rubbish … [48 year old partnered woman - unemployed at time of interview]

What is more, access to jobs was often quite by chance, through families or friends:

[I’ve been] … signing on, working part-time, signing on, working, signing off…. Erm, I worked part time and then er at a friend’s garage just like sweeping up and carrying bags for them and that, you know, just helping …. and erm signed on and er, yeah, … between then and now I’ve probably done about three odd years … on the dole I think in between then. [40 year old partnered man with children]

… through, erm, the lady in - a little boy who’s in my daughter’s class, his mum was the manageress [in a hairdressers] … and I knew her and I just said to her ‘if there’s any job’… ‘if anything comes up’ I said ‘can you let me know?’ and a couple of months later she collared me in the playground and she just said ‘I’ve got a job coming up… [41 year old lone mother]

Only three participants now had what they saw as either significantly better jobs than those they had had in the past or the jobs that they had really wanted. Participants offered various accounts of the constraints that had in the past prevented them achieving better paid or more satisfying jobs: bad luck, child-care constraints and/or the unacceptable nature of the terms on which promotion had been available:
… just having what I would describe as rubbishy jobs kind of you know, kind of … by luck and chance, just picking them up and just ‘oh, a job’s a job’ kind of thing [27 year old partnered woman with children]

… I used to be a senior, but when I had my second child he was sick so much the stress with home and work it just got too much, so I stepped down. [25 year old partnered woman with children]

I had a choice of whether to take a grade down or take a 'voluntary' [redundancy] or go on nights as a Manager …. I took a drop down and went to a normal General Assistant at the time. [32 year old partnered man with children]

Adverse terms and conditions

A substantial majority (38) of our participants considered that they were not being paid what they were worth. This was particularly salient for participants who felt that the responsibility and challenges entailed in their work were going unrecognised:

I’m on the minimum wage like most of us [in this workplace] are. We haven't had a pay rise last year at all. … [I have] like a supervisory or management role really in charge of things but we’re just classed as just part time. A number at the end of the day, that’s how I feel. … they just give you more work and more responsibility… [47 year old lone mother]

No [I am not paid what I'm worth]. Not at all 'cause I’m earning three pound an hour [this is beneath the minimum wage, but presumably refers to net takings]. …. all the paperwork I do. I spend all my evenings upstairs doing all the paperwork, Ofsted [the Office for Standards in Education] throw at us and that’s all unpaid. [29 year old partnered women with children, working as a childminder]

It’s quite poor pay for what you're doing. It's hard work …. It’s a lot of responsibility, a lot of medications and things like that and, you know, the pay is terrible. [38 year old lone mother, working as a carer in a residential home]

Nevertheless, participants rarely explicitly recognised the sense in which the WTC was subsidising their employment. The following response was in fact untypical:

… I feel if I was earning a proper wage or a decent wage, I would have no need to claim Working Tax Credit. But according to them [management] they think they’re paying us a good wage and I said well if you’re paying us a good wage why do I need to claim? [59 year old widow]

Beyond the question of pay, the participants were often positive about their jobs, as will be seen below, but their accounts sometimes revealed poor conditions of work and shoddy employment practices. Several participants conveyed the extent to which they were undervalued by management or worse, they were subject to petty and humiliating discipline:

You’re standing there [during the half hour lunch break], ‘what ya doing there?’, you know, you know, ‘you don’t pick your tray up from the canteen’, ‘right, we’ll have a
word with you. This is a formal warning, you’ve not picked your tray up from the canteen’ [40 year old married man with children]

It was noticeable that the worst instances of harassment or bullying at work were reported by participants from Black and minority ethnic groups, two of whom at the time of interview were off work with a combination of stress and physical illness. One of these was awaiting resolution of a formal grievance that he had lodged after being racially abused and assaulted by a line-manager.

It was also clear that the physical conditions in which some participants work could be poor. The most extreme example, being the following description of working in a chicken factory:

I work at, sometimes minus forty, I have to go in the blast freezer and it goes down to minus forty, so it does, it’s pretty…. And then the other, the flip side of the coin, is [the room] where they de-feather them, and I’ll tell you what, that’s like a sauna, it, it’s well it’s boiling hot water. You know, when you go in, and it’s ammonia smell, and it’s oh, just, it’s so you’re going one extreme to the other…. [49 year old partnered man with children and who had had health problems].

Participants seemed by and large to have low expectations of the terms and conditions that pertained at work and, with few exceptions, little understanding of their employment rights. Though not all the participants were silent, the interviews were characterised by the relative absence of a tendency or willingness on the part of the participants to place the blame for unfair wages or poor terms and conditions on their employers.

**Experiences of Working Tax Credit**

Insofar as previous research has focused on recipients' experiences of claiming tax credits our interviews did not set out to explore those experiences in great detail. Despite this, participants often had much to say on the subject.

**Terminology and meaning**

Though all participants had received, or were members of households that had received, WTC since its introduction in 2003, some had previously been in receipt of Working Family Tax Credit (the in-work social security benefit that preceded the introduction of WTC) and in those households with children, participants were receiving WTC in conjunction with Child Tax Credit. In practice, participants receiving both benefits found it difficult or impossible to distinguish between WTC and CTC elements of the payments they received and many continued blithely to refer to payments as 'Working Families Tax Credit' or, quite commonly 'Family Tax Credit'.

Participants were expressly asked whether it made any difference calling the money they received from WTC a 'credit' as opposed to a 'benefit'. Participants tended to say they hadn't really thought about it or else that it made no difference so far as they were concerned. Some were clearly unimpressed by the attempt to re-badge in-work benefits as credits:
I see it as benefits. I see it as taking it out of the social. I don’t see it as any different. I
don’t think the wording makes any difference. [32 year old lone mother]

Some participants, however, clearly did latch on to the positive connotations of the word
'credit', inferring that WTC gave them 'credit for working' or for 'doing something good',
or else that being entitled to a tax credit identified you as a tax payer rather than a benefit
recipient, because 'if I stopped paying tax, I wouldn't expect to get a tax credit'. More
particularly, a couple of participants contrasted the word 'credit' with the pejorative
connotations of the word 'benefit':

… when something’s called a benefit, it gives the impression that you’re scrounging. …
But if it’s called a credit, it gives a different interpretation of it. I think it’s a good idea,
yeah. [39 year old lone father]

I think credits sounds better than benefit. It doesn’t sound quite so much as like you’re
claiming som’at. [40 year old lone mother]

For other participants the terminological associations were confusing:

Credit means you’re still owing them, you’re going to pay it back, doesn’t it? … Benefit
means they’re entitled to it … I don’t know what to call it to be honest with you. [35
year old lone mother]

Opaqueness and disempowerment

None of the participants clearly understood how their WTC entitlement had been
calculated. For most it remained a complete mystery:

I tell you, I am always uncomfortable with it. The working they do, I never get it. You
know the breakdown, the calculation. I tell you, I sit down, I even phone them up, ‘How
did you do it?’ even they explain to me, I still never get it. [41 year old partnered man
with children]

I just think it’s really daft how they’ve done it, how they work out everybody’s situation
because when you phone up and say, ‘am I entitled for this?’ … they’ll give you a rough
estimate on the phone. 'Yeah, you’re entitled to this, this and this.' And then when you
actually get it, you can find it’s about a hundred pounds short of actually what they said
…. They just don’t explain what you’re actually getting. It’s just a sum and that’s what
you get each week. [30 year old partnered woman with children]

For some, the disempowering uncertainty of their entitlement had been compounded by
early administrative failures of the WTC system, which had lead to many tax credit
recipients receiving overpayments, which they were subsequently required to repay. The
fear and resentment occasioned by past administrative failures had for some participants
undermined their sense of entitlement and/or deterred them from claiming future
entitlements:
I could claim Tax Credit, but I’m not doing it because er … they ended up saying I owed them £1,000 and I [sighs] I made a number of phone calls, I tried to work out what was wrong, I got different information and I decided this is just better to keep a distance from them, because these people are ghastly . [56 year old single man]

**Understandings of Working Tax Credit**

Despite the opaqueness of the WTC system and the disastrous experiences that some had had with the administration of the WTC, participants in the study by and large approved of the WTC, albeit that they expressed a variety of understandings as to its purpose. Broadly speaking there were three dominant understandings. The first conflated the role of WTC with that of Child Tax Credit and saw it as additional compensation for parents, or as money to benefit children and family life. The second understanding assumed the purpose of WTC to be to provide an incentive for labour market participation or as extra money for working, albeit that it was seldom acknowledged as an incentive so far as participants themselves were concerned, but as an incentive for nameless others. The third understanding conceived of WTC as a way of relieving poverty or hardship among the working poor. In the course of the interviews some participants - especially women - identified more than one underlying purpose or saw such purposes as overlapping.

**Money for families**

This understanding of WTC was favoured especially by women and younger participants. In several instances it was premised on a misunderstandings of the distinction between WTC and Child Tax Credit or an assumption that they had a common purpose, namely to compensate parents for the 'expense' and or the 'responsibility' of raising children. In other instances it was possible that participants simply preferred to think of WTC as compensation for the responsibilities of parenthood, rather than as a supplement to their wages.

Beyond this general appreciation for the extra money that WTC brought in there was a range of interpretations as to the relevance of WTC and its effect on family life and relationships. WTC, like the benefits that had preceded it, could be regarded as a contribution to a 'family wage' (Land, 1999). This, however, could be seen in different ways. On the one hand, it could be seen as a way of sustaining established gendered roles or indeed to perpetuate a male breadwinner household, because it allowed mothers to work fewer hours or not at all:

I think it was a good idea. Because any mums especially … can still go to work, have a little bit of money and still spend time with the kids. And with that little extra of money either on childcare or whatever the child needs, instead of trying to, scraping all your pennies together between your husband’s pay and your pay, to pay for things, and this is just a little bit extra to help people in these situations. [25 year old partnered woman with children]

I know it’s helped us because without it I probably would have to work and obviously with my son with special needs, it would be extra difficult for me. [42 year old partnered woman with children - partner is sole earner]
However, WTC could also be regarded as a means to ensure that women secured control over a key element of the family budget:

I read it in [my husband's] bank statement, I says, 'what the hell is this?' .... 'Working Tax Credit'. So I says, 'what's this about?' And he says, 'oh, this is what we get'. So I rang up tax credit, I said 'put it in my bank account from now on, don’t put it in his'. It’s - end of day, it’s work, child working tax, it’s supposed to be for the kids, do you get what I mean? [35 year old partnered woman with children]

On the other hand, WTC could be seen as a way of compensating for the consequences of relationship breakdown, of allowing lone mothers greater independence, or - particularly with regard to the child care element of WTC - of compensating for the decline of the supportive extended family:

… it meant that I could pay for my daughter’s childcare and still have a standard of living that was you know, quite comfortable … we could continue living as we had done as a two parent family, as a one parent family. And that made a huge difference. [40 year old lone mother]

Now … there’s no encouragement for me to live with somebody or move in with somebody. I might as well live on my own until they [my children] are 18 and then think about finding a partner. So it’s all, because it’s an extra wage coming in. [32 year old lone mother]

If it wasn’t for [WTC] I couldn’t go out to work, even if I worked full-time it still wouldn’t be enough to live on, and pay childcare. You know, I think, back in the olden days, like, people had a lot of relatives to look after their children whereas most relatives move away now. [32 year old partnered woman with children]

Money for working

A different understanding of WTC's purpose emerged when participants acknowledged the sense in which it is an incentive to, or compensation for, labour market activity. This was especially noticeable among lone parents on the one hand and single participants on the other. The benefits of WTC were generally interpreted in simple utilitarian terms as a way of helping people, especially mothers, go to work, by making them "better off". Several participants were conspicuously enthusiastic about this and embraced the sense that the work which WTC had enabled them to do had its own value in terms of how it made them feel about themselves:

I mean they’ve [tax credits] made a huge difference in the fact that erm, without it, there wouldn’t really … there’d be absolutely no point me sat here, we’d be in a minus, negative amount each month, … make[s] you feel that it’s worth your while if you are on a low wage, which this is quite a low wage really for a London job, it just gives you that extra boost. [27 year old partnered women with children]

For me, it is like a respect. If you are not working [in] this country they think you are stupid mother, something like that, but if you are working, I feel like I am eating my
money. My children know it is going from my money, so it’s not just you are sitting waiting for some money to come. [36 year old partnered woman with children]

…. it’s brilliant that you feel, you feel that you’ve earned it, because you’re getting it because you’re working not because you’re not working. [55 year old single woman]

In other instances, although the intention behind the WTC scheme was understood, it was seen as irrelevant to whether people worked or not, or even as an unintended disincentive, because the tapered withdrawal of the WTC as earnings rise acts as a motivational disincentive that, in some instances, may even devalue the meaning of work, particularly if it locked people into menial jobs:

I think if people are going to go back to work they will, if they’re not, they won’t. [29 year old partnered woman with children]

We were talking the other day about him [her husband] going back to doing 40 hours a week but then we worked it out that we’d be no better off because we’d lose the Working Tax Credit and some of the Child Tax Credit but the wages would kind of just even it up. So it wasn’t particularly worth it … so it kind of hinders you in that way, where you can’t, kind of, progress, you get stuck in a rut … [36 year old partnered woman - partner is sole earner]

… what annoys me is I go out and better myself and I get less Tax Credit and I’m no better off. I might as well just work in a … job where you don’t have to use your brain and you don’t have to think and you’re less likely to be questioned in your job, you still get the same money coming in so it doesn’t inspire you to get any more? [32 year old lone parent]

The incentive effect of WTC was widely seen as of relevance to other people and not to the participants themselves. They did not need an incentive to work. What is more, though participants may have been glad of the assistance WTC provided, not all of them were comfortable about depending on it. WTC is not devoid of stigma and some looked forward to the day they would no longer need it:

So um, obviously I think it was an incentive for people hopefully to try at least do something, you know, to go back to work. 'Cause I think a lot of mums who I know from school, it’s so easy for them not to work at all and they earn just about the same amount of money as what I take home without doing anything at all really. So, uh, I mean I could never, never do that at all. I’ve always got to do something so and what they do all day, I don't know. [38 year old lone parent]

Money for the poor

This connects to an extent with the readiness of a majority of participants - older participants in particular - to recognise that WTC was a policy that had been intended to lift people out of poverty. Significantly, however, only three participants resorted to the actual word 'poverty'. In identifying the relief of poverty as a purpose of WTC, participants might avoid directly identifying themselves as poor or needy. The point
could be expressed in general terms, sometimes in the manner of an analytical observation:

I was under the impression it was to bring everyone up to kind of a level of standard of living - an income. So you didn’t have this, you know, poor, very poor, you know, then working class and everything else. [39 year old partnered man with children]

I think to help mostly families and people who don’t get enough money from their own job. Because a lot of jobs, they, it just doesn’t pay enough, like with your house and then your food and ..... So I think they brought in this scheme to try and help out a little bit more. [25 year old partnered woman with children]

For other participants their appreciation of the part played by WTC in alleviating poverty was based on their own experience

…it’s a necessity really, as I say like for people who can’t you know afford to live basically, you know cos even now as I said on full time wage, I’m like … you know because it is really, really hard, cos there’s no erm – it – that's all I’m doing is living. [51 year old partnered woman]

It helps me out a lot. It pays me rent. It um, pays the childcare. Not that I have much left over but you know, at least the two main things are paid for. Um, yeah, so I am glad, it does help a lot even though I moan about it, but it does help. [30 year old married woman with children]

Occasionally, WTC had been experienced as something that enabled recipients to do a little bit more than merely survive, but as something that afforded a slightly more acceptable life style.

**Discursive Narratives**

Our interviews were intended to explore how participants felt about their work. An inductive examination of the interview transcripts revealed patterns to the narratives disclosed by the participants. These were not clear-cut patterns in the sense that participants could be categorised by the accounts they gave, because participants often had ambivalent feelings or made contradictory statements. Nevertheless we identified two dimensions or distinctions that could be used to classify their narrative accounts.

**Modelling the narratives**

The first of these distinctions was between discourses that valued work as an end in itself on the one hand, and those that valued work as a means to an end on the other (cf. Dean, 2007b; Dean & Coulter, 2006). Sometimes participants implied that work gave particular meaning to their lives. Sometimes it was implied that they were working merely in order to obtain a living. This dimension was revealed - at an initial superficial level - the classic 'lottery question': participants were asked whether, if they were to win the jackpot in the National Lottery, they would still go to work. The question, though often used in
explorations of the work ethic (Furnham, 1990; Gallie & Vogler, 1994) is on its own a crude device that would not necessarily reveal whether, for example, people prefer having a low-paid job to being unemployed (Dunn & Saunders, 2010), though this was something that an in-depth interviews could go on to explore. Characteristically, most (but not quite all) participants asserted that if - hypothetically - they became millionaires they would still have to 'do something', even if it were voluntary work of some kind, but the strength and conviction of such responses varied and could be differently interpreted in the context of other elements in the substantive narrative accounts that participants presented. For some participants more than others having a job was necessary to their sense of identity and self-worth. Talking about why it was important for them to work for a living, participants often revealed conflicting rationalities, and this ambivalence reflected an underlying tension between 'living to work' and 'working to live'.

The second distinction was between discourses that valued the particular job the participant held (or had most recently held) on the one hand and those that disparaged the job on the other. Sometimes participants implied they were 'grateful slaves' (Dean & Shah, 2002; Hakim, 1991). Conversely it was sometimes implied that they were what might be called 'resentful drudges'. As we have seen, most (but not quite all) participants recognised that they were to some extent underpaid if not exploited by their employers, but this did not necessarily mean that they were unequivocally resentful. Talking about the jobs they did, how they were treated and how they felt about their employers, participants sometimes revealed conflicting emotions, and such ambivalence reflected an underlying tension between gratitude and resentment.

This thematic analysis was used, not so much to describe the participants as to understand the multiplicity of discursive narratives on which they would draw and to identify and characterise the key narratives.

The 'virtuous worker' narrative

This is a narrative that interpellates the subject as a grateful slave, who lives to work. It was, if not the dominant narrative, the narrative that was most frequently deployed in so far as 22 of the 52 participants called upon it at some stage during the interview, and for 12 of these it was their principal narrative. Women and younger participants were more likely than men and older participants to call upon it.

The 'virtuous worker' narrative can be understood as a discourse that embraced the Third Way mantra: 'work is the best form of welfare' (Blair, 1997; Giddens, 1998). It is a narrative that regards work as a social responsibility and as inherently virtuous. To be in work, however menial or low paid, is to be economically productive; to be, if not wholly independent, less of a burden on others; to be a good example (especially, in the case of parents, to one's children); 'it helps your state of mind sometimes, yeah and it gives you a purpose' [28 year old partnered women with children]; 'it makes you feel a better person, I suppose' [35 year old partnered man with children]. Within this discursive narrative, WTC had helped participants to feel better about themselves.

At root, therefore, this was a narrative concerned with how participants defined themselves. For some this was about being defined by one's vocation on the one hand, or by one's ability against the odds to achieve 'normality':
With the work I do as a carer, I see it as really, really important. … people hear you’re a carer or working for the NHS, and, I don’t know, they seem to respect you a bit more. [33 year old lone mother working in a hospital as a healthcare assistant]

They think you are sick or whatever, whatever … I don’t want people to – I’m not sick … I am controlling with my medication. I can live normal. [41 year old partnered women with children, suffering from diabetes]

Alternatively, the narrative was concerned with how participants defined themselves in terms of their parental responsibility or with reference to how they might be perceived by their children:

… it’s important that I work. Not necessarily the job I’m doing now but it’s important that I work for me and put work ethics to the kids that they’ve got to earn their own money regardless of what they do. [32 year old lone parent]

… thing is, without a job, you know what I mean, I mean like a, from my kids growing up, I give them the idea, look dad’s working, not staying at home. [41 year old partnered man with children]

It [being at work] means I’m not lazy. It means at least I’m setting a good example for my children. … For a long time I was sitting at home, they were like ‘what does your mum do?’, ‘she just sits at home’, you know, … so [I] get out and I say ‘oh yeah, mummy’s gone to work’, ‘what does your mum do?’, ‘oh, she works in [a high street retailer]’, then they [the children] used to love it …. [35 year old lone mother]

Often, however, the significance of the 'virtuous worker' narrative was that, especially for women, it defined the participant by who she was not. For some mothers it was about being more than 'just a mum', thereby accepting that increasingly it is expected that both lone mothers and partnered mothers should participate in the labour market. But there were also instances of a more corrosive version of the discourse in which the WTC recipient was pitted against the 'otherness' of, 'track suit mums', 'scroungers', 'dossers' and the undeserving poor (e.g. Lister, 2004):

I am a Mum and that's like the hardest job, but it is again now I can answer ‘no, I’m – I’m actually a Health Trainer’…. you kind of feel that now society takes you more seriously and kind of sees you as erm a positive part of it rather than a kind of benefit, at home, in a track suit Mum, which was a horrible tag to feel that you were labelled with by other people. [27 year old partnered woman with children]

I can sit here on a night time and watch …. these horrible programmes that come on with, um, bloody scroungers and these people that have 24 kids and have never paid a penny in tax. And we can sit and say, no, we pay our way. We pay our bit and you know, we contribute to the things that we get out of society. And on the other hand, obviously, you see the scroungers etc, who don’t, and it’s a little bit frustrating. [39 year old partnered man with children]

…. having employment and knowing that I work and doing my share in the community. It just makes me feel better in meself that I’m working … I don’t like to be classed as just a dosser t. [47 year old lone mother]
I’m contributing to society and I feel like I have the right to, erm, use services and things whereas … I believe if people don’t work or have never worked, I don’t see them as being equal, which sounds really hard but I don’t see them as being equal to me because I do believe that everybody should contribute and, you know, work, basically. [28 year old partnered woman with children]

Undercurrent narratives

Three other narratives emerged from the transcripts and these, though less dominant, were less consistent with the policy rationale that had informed the WTC scheme in that they did not embrace work as the best form of welfare because:

- work was not necessarily regarded as a means to maximise personal utility (a 'moral pragmatist' narrative);
- work was failing to reward participants' commitment and aspiration (an 'exploited workaholic' narrative);
- the work participants were doing was experienced as exploitative and/or inherently unsatisfying (a 'reluctant worker' narrative).

The 'moral pragmatist' narrative interpellates the subject as a grateful slave, but one who works to live. By its nature it had a modest and less obtrusive profile than the 'virtuous worker' narrative, but it surfaced only slightly less frequently as a principal narrative. It is a narrative concerned less with the sense of identity that participants may have derived from their employment and rather more with what Duncan and Edwards (1999) have referred to as moral, as opposed to utilitarian, rationalities. Paid employment may be experienced as a means to obtain a legitimate livelihood and as an incidental obligation that is willingly embraced, albeit that one's moral priorities in life are not necessarily or invariably rooted in one's job. Alternatively, people may undertake employment not for economic gain or self-fulfilment but because they attach moral value to the nature of the work itself. Within this discursive narrative, WTC had perhaps helped ensure the commensurability of low paid employment and moral commitments that may or may not be connected to work, but of itself it added little or nothing to life's meaning.

There were participants for whom work was in some respects or at certain times less important than other aspects of their lives. Some of these were partnered mothers who were 'comfortable' working part-time; who would undertake menial cleaning jobs, because 'you can choose your hours and it fits in better with children'; or who accepted flexible work in a local shop on a clear understanding with her employer that 'the children come first, no matter what'. Other instances were provided by men who had modest ambitions and had committed themselves relatively contentedly to low-paid, low-status jobs. Sometimes the narrative expressed itself explicitly in terms of the value that was attached, not to pay or prospects, but to what might be called moral contentment; to a congenial environment at work and time with family at week-ends:

Well, the best things [about my job] are the hours and the people I work with. We have a great laugh. … most of the time, it’s, it’s a nice relaxed atmosphere. Um, I enjoy what I do, um, and that’s pretty much it. I’m getting to the age now where … I don’t want to live
my life at 100 miles an hour anymore. … And that’s a nice thing, to finish on a Friday and know that’s it. [39 year old partnered man with children]

There were also instances in which pay and prospects were willingly sacrificed because a participant's work was regarded as morally essential, however demanding. Our sample included some remarkably self-effacing women who were working as paid carers in residential settings and for whom a sense of moral compassion to some extent outweighed the resentment they might have expressed about their terms and conditions of employment. Though this was a narrative that could sometimes co-exist with a 'virtuous worker' narrative, there were instances in which an ethic of care transcended all concerns with desert and reward:

The best thing’s helping the patients and talking to them. I love talking to them. … It’s brilliant. …. [Interviewer asks 'How important is your job to you?'] Extremely important but not just for the money. [53 year old lone mother - healthcare worker]

The 'exploited workaholic' narrative interpellates the subject as a resentful drudge, who nonetheless lives to work. It was a less prominent but significant discursive narrative in which work was constituted as a civic duty and the sine qua non of individual autonomy and identity. It was a narrative of frustrated ambition, drawn upon particularly, but not exclusively, by men and by older participants. Within this discursive narrative, WTC is potentially a negative influence, since it perpetuates low paid employment and may lock ambitious workers into menial jobs. We have seen above instances in which participants experienced difficult employment trajectories in the course of their working lives and adverse terms and conditions in their current jobs. Though sometimes these were born with equanimity, in other instances participants voiced resentment.

Some participants had had experience of higher paid employment or of running their own businesses in the past and found it hard to work in low-paid, low-status jobs, though nonetheless they would take pride in the effort they put into such jobs, never taking time off and sometimes working masochistically long hours:

… right now as a Team Leader I do two or three people’s jobs. I work any shift they ask me to do. In Kenya I had my own business, but over here, in this country I’m just employed. … I mean I’ve never stayed away from work – from almost 35 years I’ve never stayed one single day away from work. … There is a time when [at the supermarket where he now works] I worked 7 days a week from 6.00 in the morning till 10.30 at night, without any rest, for 7 months at a go. [48 year old partnered man with children]

Finally, the 'reluctant worker' narrative interpellates the subject as a resentful drudge who works merely to get a living. Though the least prominent, the narrative figured strongly with at least half a dozen participants. One again, this applied when participants' sense of identity was not rooted in their work. Within this discursive narrative, WTC was something of an irrelevance. In a couple of instances, this was because participants placed value on commitments outside work:

I work on a chicken counter at [supermarket], so I mean I could you know I don’t want to be doing that the rest of my life because there are things I’d rather be doing than that, you
know, within the Union or within the political framework. [36 year old partnered man with children]

I’d rather not be doing this. There are a lot more things I’d far rather be doing down at Church, erm, like helping with the kids. [51 year old partnered woman with children]

Additionally, however, there were middle aged women who had worked and brought up children in the course of their lives, but for whom the labour market no longer offered any enduring attraction:

I’ve worked sort of pretty hard all me life, I mean bringing up my kids up and everything and that. Me husband always worked hard in his life. We never really claimed much at all so when there’s other people claiming for everything, no, I don’t see why I shouldn’t get it [WTC]. …. [speaking about her current job] like all jobs because it’s the same day in, day out, more or less, I mean you get bored and fed up with it …. I mean there are days when I just think, ‘oh, I just don’t want to go back tomorrow’, but you get up and go. It’s a case of having to. [59 year old widow]

These undercurrent narratives suggest, albeit in quite different ways, that though the WTC had provided welcome additional income to the participants, it could not of itself compensate for the injustices or adverse effects of a flexible, low-wage labour market.

**Conclusions**

The narratives discussed above are complex and contradictory. They suggest considerable confusion among recipients as to the purposes of tax credits. While there was significant popular support for the WTC, there was also an undercurrent of competing moral rationalities and resentments. Acceptance of the idea that the subvention of low wages by the state amounts to 'making work pay' is far from universal and may prove in the longer term to be precarious.

The 'Universal Credit' (UC) that will succeed WTC with effect from 2013 will be a means-tested cash transfer available to all people of working age, whether in or out of work, but which will be so designed as to ensure that recipients will always be better off in work - even if it is minimally paid, part-time and/or occasional - than not in work at all (Department for Work and Pensions, 2010b). It is proposed that UC will subsume not only WTC, but Child Tax Credit, Income Support and the income-related Jobseeker's and Employment Support Allowances, and Housing Benefit. Though the new transfer payment is to be called a 'credit', administration will revert to the Department of Work and Pensions, rather than HMRC. At the time of writing a range of issues, including details of support for childcare and housing costs, have still to be fully resolved. Though the radical simplification of the benefits system portended by the proposed reform is likely to be welcomed by recipients, its day to day administration will be complex and will wholly depend on the introduction of a real-time on-line system that will interface with the national Pay-As-You Earn tax system. Additionally, pressure upon recipients to seek or to take work on any terms have already been increased as conditions are tightened and associated sanctions increased.

Recipients of UC who subscribe to any extent to a 'virtuous worker' narrative may paradoxically feel less virtuous, if indeed the 'credit' they receive is not so clearly
distinguishable from that received by 'others' who are not in work. UC recipients who subscribe to some extent to a 'moral pragmatist' narrative are likely to find themselves no less at odds with the utilitarian moral logic of the UC than that of the WTC. UC recipients who subscribe to some extent to an 'exploited workaholic' narrative are likely to feel no less resentful of jobs in which their contribution is not fairly recognised and their ambitions are not properly fulfilled. UC recipients who subscribe to some extent to a 'reluctant worker' narrative are likely to be no less resentful of working under terms and conditions that they regard as unacceptable.

Insofar as UC, like WTC, will 'make work pay' it is only by marginally increasing the income of recipients who accept low-paid employment. It will not necessarily secure any non-monetary or deeper moral satisfaction from the work that a worker performs. It will not necessarily secure for a worker that which she might regard as proper recognition or a just reward from her employer for the work she performs. Our study suggests that though UC, and WTC before it, might assist in accommodating workers to a flexible and competitive low-wage labour market there can be circumstances in which workers may feel in various ways aggrieved.

Iain Duncan-Smith, the UK Secretary of State for Work and Pensions, has claimed that the UC will "return the work ethic to homes where it has been lost for generations" (Daily Telegraph 6 June 2010). More recently David Freud, Minister for Welfare Reform, has re-asserted the claim that UC will "reinforce the work ethic" (Guardian 21 June 2011). However the above findings raise a question: will the consolidation of a relief system that tops up inadequate wages re-define rather than 'restore' a work ethic? The idea that UC will make work pay is in one sense an illusion. Remarkably few of the WTC recipients in our study acknowledged the reality that WTC amounted to a subsidy to their employers, but most of them clearly understood that their employers were not fully rewarding them for their work. The work-ethic that UC will instil will not encompass the expectation of a fair day's pay for a fair day's work. Indeed it is an 'ethic' at odds with the principal established in the Universal Declaration of Human Rights (1948 - Article 23) which asserts that "Everyone who works has the right to just and favourable remuneration".

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