

Labour Market Change and New Labour's Welfare State Reform

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New Labour came to power in 1997, and the government has given top priority to 'welfare state' reforms. The purpose of this paper is to clarify what directional characters the government's welfare state reform has.

In chapter 1, we discuss the relationship between Tory's welfare reform and New Labour's welfare reform. In chapter 2, we discuss the emerging of 'Underclass', a stratum with new characteristics since 1980's. In chapter 3, we argue the change in labour demand defined in terms of the change in industrial structure. In chapter 4, we argue the change in labour supply constrained with the application of education and vocational training policies. In chapter 5, we deal with the trends of the number of economically inactive. Chapter 6 is on the introduction of New Labour Government's youth employment policy what is called New Deal.

We find the following conclusion. (1) New Labour government's welfare state reform essentially takes from Tory's welfare state reform, which consisted of the neo-liberal economic policy, a 'full employment' including a large number of underemployment, and a discriminating social security system.

(2) Although the introduction of the National Minimum Wage and New Deal has certainly social ameliorative aspect, they also have created underemployment in labour market and have made the unemployed to be peripheral worker. Especially, New Deal intends to encourage the unemployed to acquire basic skills and employment experience. Finally almost all of them become peripheral worker with these trainings.

(3) Through having made the unemployed to be peripheral worker, New Labour government has intended to reduce social security cost.