On the margins of inclusion

Changing labour markets and social exclusion in London

David M. Smith
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Foreword

Social exclusion and poverty

In the past 10 to 15 years, the term ‘social exclusion’ has supplanted ‘poverty’ in British social policy discourses. Its recent origins are probably to be found in the European poverty programme of the 1990s and, before that, in French social debates (where the term was used to denote those on the margins of society, who had slipped through the social insurance safety net). Soon after taking office in May 1997, Britain’s New Labour government established the Cabinet Office Social Exclusion Unit and shifted governmental and academic analyses of poverty in a new direction. Labour’s ostensible rationale was that whole sections of the British population – in particular, the long-term sick and disabled people, single mothers and the economically inactive – had been ‘written off’ in the massive economic restructuring that had taken place since 1979. Income inequality and social polarisation had widened. What was needed was workfare policies to re-socialise these marginalised groups back into economic independence, raise their self-esteem and lift them out of poverty and social exclusion.

The idea of poverty having a cultural and lifestyle element has, of course, a very long history. Arguably, it has been regularly reconstructed over at least the last 100 years. But the modern usage of ‘social exclusion’ can be traced to several influences. First, theorists of relative deprivation (notably Peter Townsend) have long maintained that poverty must be viewed as ‘exclusion from common social activities’, objectively measurable by a ‘deprivation index’ (Townsend, 1979). In this sense, social exclusion means ‘inability to participate’, perhaps even involving a denial of full citizenship (Dean, with Melrose, 1999). It can be argued, therefore, that the concept takes relative deprivation one stage further. It examines poverty as multidimensional clusters of disadvantage (for example, the combined effects of poor health, low skills, family breakdown, substandard housing, economic inactivity, and so on). The spatial distribution of such disadvantage is mapped, as are poverty dynamics and lifecourse effects. Social exclusion also explores relational issues, placing poverty in the context of wider social relationships and cultural expectations. Social exclusion is said to open up questions of agency, although the causal factors – often termed ‘drivers’ in government publications – tend to be located within broadly ‘supply-
side’ analyses: for example, the emphasis tends to be on the personal factors that constitute an individual’s ‘employability’, rather than on sectoral labour market demand.

A second, and contrasting, tributary of influence is the 1980s and 1990s ‘underclass’ concept. New Labour undoubtedly tried to shift the focus from the broadly conservative ‘underclass’ idea, with its coded eugenic assumptions, towards a more acceptable terrain. Some of the deterministic elements of the ‘underclass’ idea live on – for example, the emphasis on early childhood experiences profoundly affecting underachievement in adulthood (Hobcraft, 2002) – but, in contrast to the pessimistic, do-nothing conclusions reached by conservative commentators such as Charles Murray (Murray, 1990, 1994), New Labour maintain that one can legislate to reduce social exclusion. The key question that remains is how far many of the ‘underclass’ assumptions still linger, but in a more subtle form.

A third, and relatively minor, influence has been the concepts of ‘social isolation’ (most notably posited by William Julius Wilson to describe the ‘concentration effect’ of extreme poverty when a collapse of the economic base in a locality leads to a disruption of social networks, support systems, personal and collective resilience, and so on [Wilson, 1987]), and ‘social capital’ (Putnam, 2000). Fourth, there is much thematic continuity with the ‘cycle of deprivation’ research of the 1970s. This also examined the intergenerational dynamics of multiple deprivation (including early childhood effects), and attempted to explain the behaviour of the poor in terms of the limited opportunities available to them (Coffield et al, 1980).

Finally, it must be remembered that New Labour ultimately tends to see social exclusion in terms of ‘worklessness’. There is a veneer of social justice arguments: citizens, it is said, should all have “the opportunity to achieve their potential.... Our aim is to end the injustice which holds people back and prevents them from making the most of themselves” (SEU, 1999, p 1). But ‘participation’ usually means participation in waged labour, and definitions of poverty and social exclusion tend to carry this secondary agenda. For example, “the most significant factor” in the increase in child poverty in Britain over the past 20 years is said to be “the growth in the number of households with children in which no adult works” (DSS, 1999), and “worklessness and low income” are “two of the most important causes of social exclusion” (ODPM, 2004, p 9). In fact, the number of ‘working poor’ has grown in all Western economies over the last 30 years, with the expansion of low-paid and part-time jobs. Hence in Britain, 52% of
children in poverty now live in households where at least one adult is in paid employment (‘Key Facts’, 2004).

It is important to remember that this redefinition of poverty has taken place against the background of a broader macro-economic strategy of achieving economic growth by expanding labour supply (in both a quantitative and qualitative sense) via ‘active labour market’ policies. The aim is to achieve non-inflationary economic growth and a ‘flexible’, skilled and motivated workforce, which can respond to the challenges of globalisation and rapid changes in demand. Re-branding poverty as ‘social exclusion’ mainly caused by worklessness legitimises the workfarist remedies of the New Deal. This strategy is not confined to Britain: it is now a European Union aim (enshrined in the 2000 Lisbon Agreement) that member states should achieve target employment rates of 70%.

**Indicators of social exclusion**

There is now a long list – indeed, a bewildering list – of social exclusion indicators. The main areas identified by the Social Exclusion Unit are: children and young people; crime; employment and opportunity; health and care; homes and neighbourhoods; and transport. But these encompass many social problems, such as: teenage pregnancy; lone parenthood; inadequate parenting; children in care; mental health; benefit dependency; low birth weight; children in workless households; educational underachievement; rough sleeping; school exclusions and truancy; neighbourhood renewal; and antisocial behaviour. The Social Exclusion Unit’s overall strategy has several elements: prevention (in which early childhood intervention is seen as vital); human capital (equipping individuals with the personal ‘resilience’ with which to cope with economic changes and ‘shocks’); examination of poverty dynamics, measuring outcomes by longitudinal studies; and a focus on multidimensional disadvantage (factoring in all its interlocking components).

An even more detailed list of no less than 50 indicators has been constructed by the Joseph Rowntree Foundation. Many of these – such as low income, low birth weight babies, or overcrowding – are relatively uncontentious, and have long been key elements in objective indicators of social deprivation. But others seem to cast the definitional net extraordinarily widely: anxiety among older people, burglaries in communities, or obesity among adults (JRF, 2003). There must now be a danger that the concept of social exclusion has become a vessel into which almost any social problem can be poured. Even more
disturbingly, it may be in danger of becoming an ever-more elaborate concealment of the basic problem of widening income inequality and social polarisation (Hills, 2004). A final criticism is that the concept of social exclusion focuses on the symptoms of poverty, rather than its real causes.

Not surprisingly, there have been many critical analyses of the concept of social exclusion. The early classification – highly detailed and nuanced – by Hilary Silver (Silver, 1994) of the overlapping yet contrasting ‘social exclusion’ discourses was followed by Ruth Levitas’s celebrated threefold typology of a ‘redistributionist discourse’ (which, like the ‘economic’ model of the underclass, argues that the problem is located in changes in labour market demand), a ‘moral underclass discourse’ (which analyses the problem in behavioural terms), and a ‘social integrationist discourse’ (which focuses on unemployment and economic inactivity, viewing the solution as moving more people back into work). Levitas criticises the third of these – the Blair government’s version – for fetishising paid work, neglecting the importance of unpaid work (including childcare), and ignoring wider structural inequalities of gender, class, race and age by implying that the ‘included’ are a homogenous group. By this definitional process, she argues, “attention is drawn away from the inequalities and differences among the included”; social exclusion “appears as an essentially peripheral problem, existing at the boundary of society, rather than a feature of a society which characteristically delivers massive inequalities across the board and chronic deprivation for a large minority” (Levitas, 1998, p 7).

Other critics have offered a modern version of the classic Marxist ‘reserve army of labour’ critique that those labelled ‘socially excluded’ are actually functional to post-industrial, globalised capitalism, which will increasingly require docile, low-skilled, flexible workers. Hence David Byrne argues that “advanced industrial societies are converging on a norm of social politics organised around a flexible labour market and structural social exclusion” (Byrne, 1999, p 70). Further studies have examined the empirical underpinnings of the concept, attempting to tease apart its many meanings (Hills et al, 2002).

The perspectives of ordinary people

Much of the discussion of social exclusion has therefore been ‘top-down’ in nature, with the poor and the excluded remaining relatively voiceless. There is, accordingly, a need for studies that present the views of ordinary people, articulated in their own words. How has the
massive economic restructuring of recent decades impacted upon ordinary people’s lives, and how do they rationalise the resultant changes at the level of their local economies? How far do ordinary people accept and internalise, or reject, prevailing ‘expert’ poverty discourses and concepts like social exclusion? What ‘survival strategies’ do those living on the margins employ in dealing with the impact of economic restructuring and the growth of low-paid jobs? And how have these economic changes affected family formation behaviour?

This book explores these key issues. It is written by a young academic of great promise who has extensive personal knowledge of a South London housing estate, and who has interviewed local residents there with skill and sensitivity. The perspectives of these residents are presented and analysed in a sympathetic, non-judgemental way, taking account of the restricted choices open to them and the difficult ethical dilemmas they face. These personal narratives are set in the context of the interaction between the local economy (with its increasingly complex, overlapping and segmented labour markets) and global economic changes. This book therefore stands in the great tradition of ethnographic studies of poverty, continuing the approaches developed in works such as Elliot Liebow’s *Tally’s corner* (1967), Douglas Glasgow’s *The black underclass* (1980) and Nicholas Lemann’s *The promised land* (1992). At a time when the concept of social exclusion has become central to governmental anti-poverty policy, this book reminds us that we need to take account of the perspectives of ordinary citizens. They are the ones who experience social exclusion at first hand, even if they do not always write about it.

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Introduction

This book examines the impact of changing labour markets and social policies on the life chances and working lives of a group of economically marginal individuals, on the locality that they inhabit and on their social relations. Anthony Giddens (1990) has argued that central to an individual’s sense of ‘ontological security’ is the confidence that people have in the continuity of their self-identity and in the constancy of their social and economic environments. The “intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa” have removed citizens from the familiar and traditional cultural patterns that are the basis of this security (Giddens, 1990, p 64). The material presented explores the ‘adaptive reactions’ of residents of one largely white, working-class housing estate in outer south London to wider societal changes, and how they attempt to maintain a positive sense of self and material stability in the context of local labour market conditions, low wages and the workings of social policy. Community studies have the potential to act as testing grounds for abstract theories of social change through illuminating the local expression of large-scale social processes, and revealing the active involvement of individuals in the shaping of their social worlds (Crow, 2002). The emergence of new social formations in response to socioeconomic changes and the ways that they are transforming the nature of social relations in low-income areas is a closely related and central concern of this book, given the role attributed to ‘social capital’ by policy makers in rejuvenating local communities. In attempting to avoid a reductionism that views these phenomena as a mere response to global processes, I adopt O’Byrne’s perspective that:

Stress(es) the relative autonomy of both globalization and class culture: acknowledging the growing impact of globalization upon localities, while asserting the importance of those localities as sites of struggle and conflict, as well as of ‘commonality’. (O’Byrne, 1997, p 75)
On the margins of inclusion

The choice of topic was partially prompted by the academic interests that I had developed during my undergraduate course in sociology and social policy. The ‘underclass’ debate was a highly topical and contentious arena of academic debate during the early to mid-1990s when I took my degree, and equally prominent in media and political critiques of the ‘dependency culture’. The disparate yet interrelated debate surrounding the underclass captured a wide range of anxieties including welfare dependency and an erosion of the ‘work ethic’; a more general decline in civility and morality and growth of lawlessness and antisocial behaviour; absent fathers and an increase in female-headed households – and the increasing spatial concentration of such phenomena. By the late 1990s, under the influence of New Labour, the same concerns were being addressed in terms of ‘social exclusion’. This was accompanied by a concerted political will to reverse the polarisation of society that had occurred under the previous government through reintegrating the ‘excluded’ into society, and regenerating the communities where growing proportions of them lived. The remedies were predicated on a particular understanding of what constitutes ‘social exclusion’ and emphasise training, retraining and re-socialising the workless into paid formal work through a combination of incentives, persuasion and compulsion. This ‘top-down’ notion of social exclusion and the moral obligation to work that is an adjunct of those political definitions required a ‘bottom-up’ perspective in order to assess the relevance of such models at a situational level. The emphasis is on developing an understanding of social exclusion that locates the individual’s perceptions of exclusion as central, and is able to comprehend the ways that social inclusion and regeneration policies operate within a specific locale and their outcomes for those affected by them.

With a few notable exceptions (Howe, 1990; Jordan et al, 1992; MacDonald, 1994), little of the literature on poverty and welfare in the 1980s/1990s said much about the actual lifestyles and practices of those classed as ‘socially excluded’. Beresford, challenging the ‘them’ and ‘us’ of social policy research, pointed to the near exclusion of the groups deemed eligible for ‘social inclusion’ from recent debates and policy proposals. Consequently, people with experience of poverty have no control over how they are presented or the policy responses that are devised to deal with them (Beresford, 1996, p 51). This exclusion of the poor from debates on poverty and welfare is not new. The historical debate reveals that despite periodic changes in nomenclature, questions surrounding the causes of poverty and welfare dependency were still being fought on the same ideologically polarised
terrain and with many of the same assumptions that have informed debates since the 19th century (Macnicol, 1987). Ideological preferences and theoretical orientations have tended to present either overly structural or individualistic accounts of human behaviour while the interactions between the two, as acted out and constructed in daily practices, have been largely neglected. Wacquant (1991, p 51) notes that:

Class lies neither in structures nor in agency alone but in their relationship as it is historically produced, reproduced and transformed.... Class identities, practices, and ‘lived experience’ are not ‘afterthoughts’.... They enter into the making of these classes.

These interests were also stimulated by my own experiences growing up on and around housing estates on the outer fringes of south London. Choice of research topic is often motivated by personal and biographical factors. Okely (1992) notes that in the 1970s, feminists were arguing that ‘the personal is political’. For academics, she adds, the ‘personal is theoretical’ and this will have implications for both analysis and presentation of data. Yow (1994, p 1) argues that:

Reflexivity requires recognising that ethnographic writing is not simply stating the ‘facts’ but is a cultural construction that emerges through the participant’s interpretation of experience, and the role of the researcher who interjects themselves into this process.

Given the consensus in qualitative textbooks that the establishment of rapport and minimising social distance is vital for the quality of data, several commentators have pointed to the advantages of utilising personal experiences and insights in research. Bourdieu (1996, p 24) argues that social proximity and familiarity produce the social conditions necessary for ‘non-hierarchical’ communication since:

The rationale for the questions is found in her dispositions, which are objectively attuned to those of the respondent herself. As certain female interviewers report, the affinities between women, enabled obstacles linked to differences in social conditions to be surmounted – in particular, the fear of patronising class attitudes which, when the sociologist is perceived as socially superior often adds itself to the very general, if not universal, fear of being made into an object.
My interest in the varied economic strategies employed by members of a locality under conditions of economic uncertainty and low pay, and the ways in which these are achieved, or otherwise, through people's social ties can be traced to the recession of the late 1980s and early 1990s. This resulted in a large growth of unemployment in London from 200,000 in 1985 to 464,000 in 1988 and also accelerated the long-term decline of London's manufacturing sector (Hamnett, 2003, p 73). In the mid-1960s, over one third of London's labour force were employed in manufacturing, falling by over 50% by 1981 until it stood at 19% of total employment. Between 1981 and 1999, manufacturing lost a further 350,000 jobs – 47% of the total in a single decade. Over the same period, construction also experienced a rapid drop, losing over a quarter of total jobs (Hamnett, 2003, p 32). Meanwhile, the expansion of banking, finance, insurance and business services has altered the class structure of London from one dominated by a large working class in the post-war era, towards one where affluent, middle-class managerial and professional groups are the ascendant social groups. In the UK the percentage share of these groups increased from 24% to 41% between 1979 and 2000, while in inner London its share increased by 26% to over 50%. Buck et al’s analysis reveals that the main relative ‘losers’ in London have been those in mid-level occupations – clerical, sales and skilled manual work – while the share of unskilled service workers has remained stable in contrast to unskilled manual workers who have declined (Buck et al, 2002, pp 152-3). A result of these changes in London’s occupational and class structure has been a large growth in inequality as household earnings at the top have risen significantly and fallen at the bottom end. The transformation from an industrial to a post-industrial city has been accompanied by a transformation from an industrial towards a post-industrial occupational structure, argues Hamnett, and that since the mid-1970s:

While London has become a wealthier and more prosperous city during the last thirty years, with a much larger and prosperous middle class, it has also become a much more unequal city. There is a large and growing divide between the earnings, the incomes and the living conditions of the prosperous, expanded middle class, and those of the economically inactive, the less skilled, the low paid and unemployed who have fared far less well. (Hamnett, 2003, p 6)
Within this changing industrial and social climate, the collapse of the construction industry effectively ended my career as a bricklayer and later prompted a new ‘career’ as a mature student. The seemingly lucrative prospects compared to the burgeoning low-paid, ‘feminised’, entry-level service jobs that had enticed myself and many of my friends into the trade during the ‘building boom’ of the 1980s, had mostly disappeared by the early 1990s. The few small- to medium-sized building firms that were managing to survive the recession were engaging in drastic cost-cutting (that is, wage-cutting) strategies as they were inundated with requests for work, and too many firms chased too few contracts. The nature and structure of the construction industry has traditionally lent itself well to casual work, while ‘cash-in-hand’ labourers or skilled tradespeople have always had a presence on building sites. Increasingly prevalent was the practice of laying workers off, then re-employing them ‘off the cards’ and paying them less than the market wage, with welfare benefits tacitly operating as an illicit wage supplement. Unskilled manual work had not entirely disappeared and could still be found via the same local contacts as previously. The difference was that the availability of such work was becoming progressively dependent on those contacts and subsumed under informal working practices. Further, these and related income-generating practices were becoming central to the longer-term economic survival of many households, rather than a short-term solution to temporary bouts of unemployment and financial crisis.

These changes in the economic prospects of many residents coincided with an influx of drugs into the area from the late 1980s. This was not new – the anecdotal accounts of older residents suggest that drugs have been a prevalent feature of youth culture in the area since at least the late 1950s. However the scarcity of legitimate opportunities meant that the drug trade represented a readily available career option for some, rapidly appropriating local trading networks. Through the activities of a small minority of drug addicts, a vast localised market for stolen goods developed, meaning that previously marginal lifestyles and practices were brought closer to the everyday lives of the wider community. Campbell notes that the working-class taboo against “grassing” has long been sustained by an economic ethic that accommodated “respectable villainy” within the community (Campbell, 1993, p 170). From the late 1980s the expansion of the drugs market revived the area’s historical links to organised crime that operated indirectly on the estate, through colonising the estate’s channels of information and influence (see Chapter Four). This unsettled previously held notions of ‘legitimate’ behaviour as pursuing
‘respectable’ ends came increasingly to rely on morally dubious means. As Chapter Seven explores, many low-income residents suspended their abhorrence towards those involved in illegal activities in order to purchase goods and items that would have otherwise been unattainable. The empirical sections of this book testify that the ability to participate in localised lifestyles and forms of consumption represents a major subjective dimension of social inclusion. Consumption provides a means of differentiation from socially constructed notions of failure, through demonstrating the capacity for choice in a society where choice is a defining feature of citizenship (Taylor, 1998). Bauman (1998, p 41) observes that:

The poorer are the poor, the higher and more whimsical are the patterns of life set in front of their eyes to adore, covet and wish to emulate. And so the ‘subjective sense of insufficiency’ with all the pain of stigma and humiliation, which accompany that feeling, is aggravated by a double pressure of decreasing living standards and increasing relative (comparative) deprivation.

The contingency of many households’ fortunes at the bottom of a post-industrial labour market meant that maximising economic stability increasingly involved resorting to locally available and proven strategies for economic survival. Any study setting out to examine how residents of a locality develop collective solutions to economic marginality, needs to acknowledge the interrelationships that exist between different spheres of economic activity – in formal, informal and illegal economies – and how they generate localised dimensions of inclusion/exclusion. The underclass and social exclusion debates, through quantifying people into areas of extreme poverty and widespread unemployment “locate in the margins (where the excluded stand) what is happening in the centre (in the destruction of wage-earning society and of the welfare that was based upon it)” (Murard, 1996, p 3). The tendency to focus on the most deprived residents of the most poverty-stricken localities often misses the ways that wider structural changes are transforming and fragmenting working-class areas. Simultaneously, those same changes are increasing the importance of localised relationships based on reciprocal mutual advantage, which cut across and realign traditional notions of ‘rough’ and ‘respectable’.

Research for the book was not conducted on a ‘sink estate’ of the type that has preoccupied commentators on the underclass and socially excluded but on a ‘mixed’ working-class locality containing a finely
grained continuum, with deprivation and poverty existing in close proximity to relative (working-class) affluence. The lifestyles and consumption patterns of many residents failed to accord with a dichotomy between a demoralised, indigent ‘excluded’ and the rest. Neither did the residents’ lifestyles correspond with policy proclamations concerning the causes of, and solutions to, ‘social exclusion’. The reality was more complex and fluid, with some of the unemployed and economically inactive individuals and households having access to resources, which in turn provided lifestyles in excess of many of the ‘working poor’. Other households relying on low-paid work topped up with in-work benefits were augmenting their incomes through a variety of innovative and entrepreneurial activities. Many of the unemployed and workless appeared to rely solely on state benefits. Although spatially close, they were socially distant and remained largely absent from the pubs, social clubs and houses of certain locals that acted as forums for the exchange and distribution of information and openings to make money. The disjuncture between much of the literature and my own observations shaped my research interests and the perspective that I applied to it, which was to understand how residents interpret social exclusion and how this understanding shaped the nature of the responses to exclusion through drawing on locally available resources.

The informal economy and social-structural change

The research interests discussed above are also pertinent to broader sociological debates concerning the future of work and over what constitutes ‘work’. An increasingly diverse range of activities has been studied in connection with work over recent years in response to the limitations of much post-war sociology. This largely defined ‘work’ in terms of paid formal employment. These categories were developed within the framework of Fordist mass production and were premised on a ‘rational’ evolution of economic development from ‘traditional’ economies distinguished by a high level of small-scale, labour-intensive informal activity, towards ‘advanced’ economies. In the latter, labour and the provision of goods and services are progressively integrated into formal institutional structures within a regulatory framework supervised by the state (Rostow, 1960). As the economy becomes disembedded from society, institutional differentiation becomes a defining feature of modernity (Parsons and Smelser, 1956). Smith (1994) argues that the survey techniques and mass enquiries employed by industrial sociology were appropriate to an increasingly
homogenised, industrial society. Other aspects of work, such as domestic labour, informal and ‘street’ economies, though acknowledged, were regarded as peripheral to the overall advance of modernity.

The original studies of industrial society were based on the observation that people spent much of their waking hours in regimented work, which threw them together in concentrated spaces with other people, forcing them to share the same experience…. Out of such conditions arises a situation in which people begin to share an identity with one another, as well as a perception of the world: a particular consciousness. On this basis was built the political agenda of working-class parties of the early part of this century. (Smith, 1994, p 76)

This dualism was also reflected in the dichotomy between ‘formal’ and ‘informal’ economies, which originated in studies of urban development in the Third World. Field studies in Africa revealed that among the urbanising population people created their own income opportunities located within networks of self-employment and small enterprises. These were often more reliable and profitable than the scarce opportunities in the formal economy (Tripp, 1997). In the advanced economies the dominance of the large-scale, mass-production system was undermined by the ‘realities’ of the global economy and technological advances in communications and production techniques. The concepts that were developed to analyse work became increasingly redundant as they applied less and less to the empirical picture. Williams and Windebank (1999) point out that while a relative formalisation of work has occurred over the long term, its end state – full employment – which defined its terms narrowly as male full-time employment, has never been achieved in the advanced economies. The rise of underemployment in the guise of part-time and temporary work, and the expansion of in-work benefits to subsidise low-wage jobs, means that societies are moving further away from full-time, permanent employment.

The advance of neo-liberalism through the 1980s and the state’s retreat from economic and social intervention in order to stimulate market-led growth was assisted by a swathe of deregulatory policies, which promoted labour market flexibility. Small firms, once regarded as a marginal leftover from a traditional economy, were applauded as an entrepreneurial and innovative response to the crisis of Fordist mass production. The ideal type of ‘flexible specialisation’ was
highlighted in studies of the ‘Third Italy’ where the term referred to new and decentralised means of production, performed by a distinct category of ‘artisan’ firms and underpinned by the principle of familialism and kinship relations (Piore and Sabel, 1984, pp 225-9). By the end of the 1980s, Castells and Portes were arguing that advanced industrial societies were witnessing the re-emergence of older forms of working relationship, which were expanding at the expense of previously formalised relationships:

The process of institutionalization of economic activities is slowing down.... Subcontracting prevails over union contracts in various sectors. The cash economy is expanding in the microeconomic realm, while barter is becoming a crucial feature of economic exchange. New legions of would-be workers are entering a casual labour market, where a new breed of entrepreneurship is on the make.... And above all, there is the disenfranchisement of the institutionalized power conquered by labor, with much suffering, in a two-century-old struggle. (Castells and Portes, 1989, p 11)

Mingione (1991) claims that the ‘main distorting factor’ in the sociological tradition has been the strict division between a model of traditional society based on principles of reciprocity (collective before individual interests) and one of modern society based around principles of association (common interests defended by an organisational structure). This simplifies the complex reality of social arrangements, argues Mingione, since principles of reciprocity and of association have always coexisted in different combinations in particular historical contexts. What we are witnessing, he maintains, is the demise of the Fordist-Keynesian era of ‘divided’ societies and the dawn of ‘fragmented’ societies. By ‘fragmented’ he is referring to a shift in the institutional regulation of economic life away from ‘associative’ forms: horizontal interest groups, universal redistributive state policies, homogenisation and standardisation (which, he notes, were often overemphasised by social scientists). In ‘fragmented’ societies these tendencies are reversed and more complex combinations of reciprocal networks emerge. He argues that the reciprocal and social aspects that underpin economic life can illuminate the processes whereby the social division of labour is recomposed in order to provide viable, although highly unequal, economic strategies: