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All in It Together?

‘Tough but fair. Because we are all in this together’ – George Osborne, speech to the Conservative Party Conference, October 2010.

We are writing at a time of ‘austerity’, not the post-war austerity of 1945 which ushered in the welfare state, but in the aftermath of an economic crisis which the Conservative-led coalition government have used as a justification for rolling out policies which slash at the foundations of that welfare state. The cuts in public spending initiated by Thatcher, the embrace of corporate culture and of PFI and PPP by Blair and New Labour are now being taken considerably further. While in opposition, the Conservatives had argued that Thatcher had moved too slowly in her first term in office, and it is clear that this is a party rushing to implement their real agenda, in coalition with the Liberal Democrats, of withdrawing state funding from public services and ushering in a corporate presence to every aspect of the British economy. Tony Judt identified Britain as one of the ‘epicentres of enthusiasm for deregulated market capitalism . . . none has matched Britain or the United States in the unwavering thirty year commitment to the unravelling of decades of social legislation and economic oversight’ (Judt 2010, p. 13)

For those 30 years, government policy from all parties in Britain has been used to denigrate public provision and to promote the much vaunted ‘efficiency’ of the private sector, a process which has escalated under the coalition government. As Melissa Benn has pointed out:

While a British Social Attitudes survey published six months after the 2010 election found that public satisfaction with both health and education had improved dramatically over the past twenty years, elements of the Coalition Government set out ruthlessly to undermine public confidence in public services. In order to justify rapid and widespread change, it was vital to the new right that it paint an apocalyptic picture. . . . (Benn 2011, p. 13)

It was not only that the new right were, typically, concerned to undermine the achievements of three successive Labour governments but also that a

denigration of public services enabled them to implement the neo-liberal agenda of marketizing and privatizing every aspect of the welfare state. The private sector is now vaunted by the coalition government (as it was by Thatcher) as the way forward for all institutions and workers. Private enterprise, with its hostility to unions, its unstable conditions of work and its overriding concern for profit, has become the model for public services; as Chancellor George Osborne put it in the foreword to *A New Economic Model*: 'We expect productivity improvements to match the best of the private sector' (Osborne 2010, p. 5). Those who work within the public sphere have experienced greater surveillance and low morale; a situation exacerbated by a constant pressure for greater productivity (in Labour's phrase 'value for money', in the Conservative's, 'productivity improvements'), the threat of redundancy, casualization and the re-writing of terms and conditions of employment. In their 2008 report, Neil Lawson and Zoe Gannon of the left of centre Compass think-tank directly attributed this to the incursion of marketization in the public sector: 'New Labour mixed centrally driven targets and commercial forces that unfortunately served to disempower and demoralize staff and confuse users' (Lawson and Gannon 2008, p. 9).

Despite the manifest failures of the market economy in running national institutions, whether hospitals, schools, theatres, art galleries or universities – the rhetoric remains unchanged. Commercial sponsorship has been the Trojan horse that ushered in the presence of corporate logos and private capital into every area of public life, to the point where that presence is now seen as natural and inevitable. It is a process that has been largely unremarked, but the construction of entrepreneurship as a benevolent supporter of the public sphere, begun with the growth of sponsorship, has facilitated a creeping erosion of the public sector by corporate interests.

Where we are now

Writing in the aftermath of one global economic crisis and in the face of another imminently – it seems remarkable that the global corporations which have been so deeply implicated in those crises should be entrusted with the health, educational, cultural and sporting lives of the nation. In the face of the clear failures of many global companies, these businesses continue to be awarded the contracts to run schools and hospitals and welcomed as the patrons of the arts and sporting events. Despite the lack of experience and knowledge they

bring to the fields that they are 'supporting', these often faceless corporations have become embedded across public institutions. Given the clear potential for corruption and conflict of interest (not least among MPs of all parties, who have, throughout the expenses scandal, the Leveson enquiry and the Barclays investigation, demonstrated that they are not immune), the handing over of British publically owned assets to (often global) corporate interests should be a matter of considerable concern.

The global economic crisis has offered both a rationale for cuts in the public budget and an opportunity to push through extreme social and political measures. This is precisely the scenario that Milton Friedman advocated, and which Naomi Klein has explained as 'The Shock Doctrine' (Klein 2007). The financial crisis has also made it starkly clear why a reliance on sponsorship or private investment in public service is perilous.

The American model

Successive governments have retreated, for both ideological and electoral reasons, from the British model of a welfare state which provided universal care 'from the cradle to the grave' funded by general taxation. Thatcher turned away from the British welfare state model of public services established in 1945, and from the European model of the Scandinavian countries, in favour of low taxation and cuts in public spending. Her close relationship with her American counterpart Ronald Reagan was not only personal, but also political and ideological, as was Tony Blair's with George W. Bush. Paul Krugman and Robin Wells have described the current American political and economic crisis as in part because of 'the partial capture of the Democratic Party by Wall Street . . . much of the Democratic Party was close to, one might almost say captured by, the very financial interests that brought on the crisis' (Krugman and Wells 2012, p. 6). Very much the same could be said of New Labour.

However, Judt, writing in 2010, could then argue that neo-liberalism in Britain did not have 'comparable traction' compared to America, because of the popularity of the welfare state. Nonetheless, he noted:

Although uncritical admiration for the Anglo-Saxon model of 'free enterprise', 'the private sector', 'efficient', 'profits' and 'growth' has been widespread in recent years, the model itself has only been applied in all its self-congratulatory rigor in Ireland, the UK and the USA. . . The British case is . . . interesting: it mimics

the very worst features of America while failing to open the UK to the social and educational mobility which characterized American progress at its best. (Judt 2010, pp. 27–8)

The current coalition government and Conservative party are set on course to give that ‘faith’ a similar traction as it has in America.

In late 2011, the OECD issued a report ‘Divided we Stand’ which demonstrated that income inequality had risen faster than any other first-world country since the 1970s. ‘The share of the top 1 per cent of income earners increased from 7.1 per cent in 1970 to 14.3 per cent in 2005 – that is, it had more than doubled’ (*The Guardian*, 06.12.11). The OECD – hardly a radical or left-wing organization – called for ‘increased redistribution effects’ and ‘freely accessible and high-quality public services in education, health and family care’. The epidemiologists Richard Wilkinson and Kate Pickett mustered international data in their 2009 book *The Spirit Level* to demonstrate that the level of inequality in any nation directly correlates with its social problems (www.equalitytrust.org.uk). The expanding gap between rich and poor can be directly related to the moment of Thatcherism, and it has continued to widen ever since. Britain and America are at the top of the tables for measures of inequality. With a government now bent on evacuating the welfare state that did so much to foster equality, Britain is on course to maintain that position. Despite all the evidence on the damaging effects of inequality from *The Spirit Level* and the OECD report, which both emphasize the importance, in every aspect of society, of fairly distributed and accountable public services, the process of privatization and the rhetoric of ‘efficiency’ and ‘choice’ is escalating.

How we got here

Since Thatcher’s unabashed and dogged celebration of Friedman free-market economics, there has been a set of ideological configurations which have attempted to synthesize neo-liberal economics with the public good. Thatcher and Blair seemed to achieve a populist hegemony and each achieved three electoral successes. Every party leader has since tried to emulate that success and has attempted to lay claim to a mythical ‘middle ground’ that is highly contested and constantly shifting. This claim appears under a variety of different political colours and names: caring capitalism, popular capitalism, enterprise culture, the stakeholder society, the Third Way and the Big Society are among them. These

could be understood as attempts to provide an acceptable interface between the brutal realities of capitalism and the ways in which people experience those realities. The titles of many of the books and movements claiming that middle ground, *The Third Way*, *Red Toryism*, *The Purple Book*, 'Blue Labour', suggest the two traditional party colours merging and a reconciliation between two opposing ideas, a reconciliation that could only ever be muddy. However, none of these movements can be understood as a Hegelian dialectic – in which conflict produces a way forward – but rather a compromise, which denies conflict and instead attempts a merging of two antithetical political positions. This centre ground can never be achieved, the differentiation between capitalism and socialism, between public welfare and neo-liberalism are precisely irreconcilable. Neither Red Toryism nor Blue Labour are practicable positions.

The Third Way (discussed in Chapter 6), the Big Society, Red Toryism, *The Purple Book*, Blue Labour and *The Orange Book* have all been big ideas that have staked a claim to the centre ground and which have been influential on New Labour, the Conservatives and the Liberal Democrats. What all these theoretical movements share is a rejection of the public sector in favour of commercial provision under the guise of localism and communitarianism, a 'mixed economy', which is promoted against the perceived monolithism of the welfare state.

The Big Society and Red Toryism

David Cameron's big idea in the 2010 election campaign was 'The Big Society'. With its echoes (and refutation) of Margaret Thatcher's notorious 1987 statement that 'there is no such thing as society', it was a term that seemed to allow the Cameron faction to firmly distance itself from the bitter memories of Thatcherism and its consequences for British society in the 1980s. The Big Society sounded like a thoroughly acceptable idea; in his campaign, Cameron talked of civil society, of people doing things for themselves, of localism and community and appeared to represent a new socially responsible and kinder version of Toryism, a version suggested in the title of Phillip Blond's 2010 book *Red Tory*. The Big Society was a central concept in the apparent reconfiguration and detoxification of the Conservative Party.

The Big Society was developed as a concept in Britain by the Tory think-tank ResPublica, and was widely credited to its head, Phillip Blond, who became the intellectual face of the Big Society and of Red Toryism (Blond has since distanced

himself from the Cameron-led coalition). In fact, there was nothing new about Red Toryism, it was an idea that came out of a Canadian Conservative tradition that dates back beyond the 1960s, and which claims G. K. Chesterton and Disraeli as its heroes. Red Toryism appears to be a contradiction in terms, as in fact it is. Red Toryism positions itself in the middle ground, as the subtitle of Blond's book suggests, *How Left and Right have Broken Britain and How we Can Fix It*. However, it becomes clear from a reading of Canadian Red Tories (see Dart 1999) that Red Toryism is less 'centrist' than it claims or appears. Religious faith is at the core of Red Toryism; their perceived enemy is 'liberalism' and they are mistrustful not only of a liberal economy, but also of liberal lifestyles and beliefs. The Red Tory rejection of the neoliberalism of Thatcher and Reagan was based on their promotion of a culture of commerce over a culture of spirituality. Blond is a committed Christian,¹ and he and Red Toryism have had a considerable influence on David Cameron, on elements in the Labour Party and more directly on Iain Duncan Smith, currently Secretary of State for Work and Pensions and head of the Conservative Centre for Social Justice.

The agenda of the Big Society and the implications of Red Toryism are now becoming starkly apparent. It is clear that the Government is intent on shrinking the public realm and the Big Society is a mechanism by which to do it; it is deployed as the justification for devolving public services to local 'groups'. While the electoral promises suggested that these would be community groups, it has become clearer and clearer that the special interest groups interested in stepping up are those of business and commerce – anxious to acquire lucrative contracts from all aspects of public services. The Big Society is a model which emphasizes community groups, while not acknowledging that it is businesses and corporations which have the funding.

The Big Society served as a license for the co-option of charity and community groups activities by private companies. It is Serco, in association with four charity groups, who are on course to win the contract for the 'National Citizen Service' (a non-military version of National Service for young people) which the government has described as a key element in the Big Society agenda. Despite Serco's patchy record in delivering health and security services, independent research that has questioned Serco's ability to deliver the service nationally, and the vocal objections of community, volunteer groups and charities, Serco remain the 'preferred' bidder (*The Guardian*, 05.08.12). Coupled with public spending cuts, the 'localism' promoted by the Big Society forces local authorities into a position where they have to cut services, replace paid workers with volunteers and bring in private providers – while allowing the state to exempt itself from all

responsibility. This fits neatly with the Conservative drive to wrest control from what remains of local authority services and to hand it to private companies; a policy which even Conservative-led authorities have challenged.² The Big Society did not, according to Conservative campaigners, go down well on the doorstep during the election campaign and was referred to less and less as the Conservatives went into a coalition government. Nonetheless, the vision of Secretary of State Communities and Local Government, Eric Pickles is that local authorities will shrink to become mere commissioners of services provided by the private sector. Pickles' advocacy for 'Big Society' measures in local service provision has led to libraries in Buckinghamshire becoming 'community libraries' in 2011, that is, libraries staffed not by experienced and qualified librarians but by volunteers.

The Purple Book and Blue Labour

The 'Third Way' lives on beyond Blair's leadership in the New Labour think-tank Progress, and in the 2011 *The Purple Book*, supported by Progress, a set of essays written by David Miliband,³ Peter Mandelson and other figures in the Labour Party who were close to Blair. The title suggests, as in Red Toryism, the merging of Labour and Conservative colours, another attempt to steer a centrist path and to achieve the sought-after middle ground. The essays collectively argued that to become electable once more, the Labour Party needed: 'economic credibility . . . (and) a credible programme of reforms for public institutions . . . for the state to become more efficient and devolved, with more local ownership and control of local services' (www.progressonline.org.uk). *The Purple Book* did not offer a ringing endorsement of the welfare state, according to its front cover, its mission was 'Leaving the Big State behind', a phrase with distinct echoes of the Big Society. The Big Society had appealed to notions of localism and community that could not be ignored by the Labour Party; David Miliband, then standing as Labour leader, gave the Keir Hardie Memorial speech in Wales, in which he argued: 'the Big Society should be taken seriously . . . (it is) territory Labour should never have allowed the Tories to colonise' (www.davidmiliband.net).

The Purple Book was endorsed by Maurice Glasman, the academic behind the term 'Blue Labour', another attempt at a synthesis of two party colours. Glasman was critical of the neo-liberal tendencies of Labour under Tony Blair and Gordon Brown; his 1996 book *Unnecessary Suffering: Managing Market*

Utopia had advocated a 'social market' economy. Glasman and Blue Labour nonetheless had a conservative agenda in relation to ideas of community, immigration and Europe. Glasman's writing also has echoes of the Big Society agenda, in its mistrust of the welfare state as monolithic and bureaucratic and in its championing of the local and communal, and Blond and Glasman have appeared on the same platforms together. Glasman did have some influence on Labour thinking in the early days of Ed Miliband's leadership, but some ill-advised comments on immigration policy meant that neither his name nor the term Blue Labour has been much in evidence of late.

Orange Book Liberalism

The Orange Book, published in 2004, set out to 'reclaim liberalism', and clearly meant by that a liberalism that owed much to Friedman; the collection of manifestos makes the commitment to a free market across all aspects of the state very clear. Even if *The Orange Book* maintained its single party colour, it still laid claim to the centre ground. The contributors include senior figures in the Liberal Democrats, many now leading members of the coalition government, Chris Huhne, David Laws, Vince Cable and Nick Clegg. Again, many of the ideas articulated in *The Orange Book* are close to those of the Big Society agenda, Edward Davey argues in his essay for the 'localism' and decentralization of public services.

Laws outlines the Liberal Democrat commitment to economic liberalism in his essay, restating the belief in the value of free trade, open competition, market mechanisms, consumer power and the effectiveness of the private sector (Laws 2004, p. 20). Vince Cable, who would become Business Secretary in the coalition government, does eschew the Thatcherite belief in 'raw' unfettered capitalism, but goes on to advocate a 'mixed economy' and recommends considerable input from the private sector. The introduction, written before the financial crash, celebrates the free market and boldly asserts (in terms which would have pleased Friedman):

The twentieth-century experiment with state socialism and the mixed economy now looks like just an expensive interlude, and even the modern Labour Party has accepted most of the tenets of economic liberalism . . . Economic liberalism has been the guiding light for the world's most successful economy and was the victor in the Cold War. (Mason 2004, p. 1)

According to the essays of *The Orange Book*, everything can be developed through the free market; Susan Kramer's chapter on the environment is titled 'Harnessing the market to achieve environmental goals'. The Liberal Democratic Party notoriously made much of their education policy in the run up to the general election in 2010 and were pilloried in the local election polls the next year for reneging on their election promise to abolish tuition fees for higher education. Interestingly, across the spread of policies addressed in *The Orange Book*, not one is dedicated to education.

For those who had hoped that the Liberal Democrats might rein in the worst excesses of the free-market Conservatives in the coalition government (and those who had voted for the Liberal Democrats in the 2010 election out of disillusion with Labour), *The Orange Book* was a clear (and insufficiently widely read) statement that the Liberal Democrat leadership (Nick Clegg, Danny Alexander and Vince Cable) would sit very comfortably alongside David Cameron and George Osborne.

Nudge

Nudge: Improving Decisions About Health, Wealth and Happiness, published in 2008, was a breezily written, populist book⁴, which deliberately avoided academic language. It was apparently about psychology but was actually written by academics close to the Chicago Business School. The big idea of the Nudge – that people could be 'nudged' into decisions through market incentives – would become a central idea for the coalition government and would come to directly influence policy, especially in health. *Nudge* was written by Richard Thaler, an economist from the Chicago Business School, and Cass Sunstein of the Chicago Law School, and argued the case for 'libertarian paternalism'. This was an oxymoron, close to that of 'Red Toryism', or 'Blue Labour'. Like the Big Society, 'the Nudge' was presented as a new 'social movement' which challenged traditional political binaries. Thaler and Sunstein claim their principle as 'The Real Third Way' and offer it as a centrist argument acceptable to both left and right: '... we believe that the policies suggested by libertarian paternalism can be embraced by Republicans and Democrats alike. A central reason is that many of those policies cost little or nothing: they impose no burden on taxpayers at all' (Thaler and Sunstein 2008, p. 13).

The opening anecdote of the book begins with an alliance of the public and private domains in which 'Carolyn' (a director of food services in a large

American school) is in conversation with her friend, a management consultant for supermarket chains. Between them they arrive at a solution to encourage schoolchildren to choose a healthier eating option in the school canteen. Carolyn is described as a 'choice architect' – a phrase which assumes the users of the school service are consumers and that the service provider (the school) is addressing customer choice.

Thaler and Sunstein are very clear about the centrality of the market across the whole range of social policies: 'In domains ranging from environmental protection to planning for retirement to assisting the needy, markets should certainly be enlisted. In fact, some of the best nudges use markets; good choice architecture includes close attention to incentives' (Thaler and Sunstein 2008, p. 253). 'Good choice architecture' therefore depends on incentives provided by the private sector. It becomes very evident that the Nudge is based on neo-liberal economics, Thaler and Sunstein quote Milton Friedman approvingly. They insist that 'libertarian paternalism' is about choice and 'do not want to burden those who want to exercise their freedom' (Thaler and Sunstein 2008, p. 5). 'Freedom of choice' is the recurrent mantra of Nudge (a term much used by Thatcher, Blair and Cameron); for Thaler and Sunstein that means freedom from state intervention. Their construction of 'choice' is, however, within proscribed limits, and those are organized according to the edicts of the market. In language that is very close to that of the coalition government's policies on health and education, they state: 'We support greater choice in education, on the ground that competition is likely to be good for kids. We also want to increase the freedom of patients and doctors. In particular, we want to increase their ability to contract with each other . . .' (Thaler and Sunstein 2008, p. 197).

Thaler and Sunstein proclaim that their policy can be extended to all aspects of policy and will make government both smaller and more efficient:

In many domains, including environmental protection, family law, and school choice, we will be arguing that better governance requires less in the way of government coercion and constraint, and more in the way of freedom to choose. If incentives and nudges replace requirements and bans, government will be both smaller and more modest. So, to be clear: *we are not for bigger government, just for better governance.* (Thaler and Sunstein 2008, p. 14)

It might be thought that all these areas are precisely those in which government regulation and 'constraint' are necessary. The British coalition government is, nonetheless, clearly attracted to the argument, the rejection of 'big' government, the lack of cost 'to the taxpayer' and the involvement of the private sector chime

neatly with a government that has consistently argued against state provision and for the market. In its first year of office, the coalition established the 'Behavioural Insights Team', also known as the 'Nudge unit'.

The implications of 'Nudge' policy and of libertarian paternalism became much clearer when it was put into practice in the British context in 2011. The Labour government had invested £50 million in a 'Change for Life' anti-obesity initiative. Under the coalition, commercial sponsors were asked to fund all further projects in this programme and also to support similar campaigns against alcohol abuse. The PR company Freud Communications were brought in as an advisor. Freud Communications were at the time also advising Pepsico on brand promotion. Under the new funding for the anti-obesity campaign, and, on Freud Communications' advice, Pepsico sponsored breakfast clubs to educate children in 'healthy eating' and provided money-off vouchers for healthy products. Research has implicated fizzy drink as a cause of obesity (www.medicalnewstoday.com, March 2007),⁵ and Pepsico would not seem the most appropriate 'partner' in an anti-obesity campaign. This is Nudge in action, the scheme indeed cost the tax payer nothing, but the sponsorship enabled Pepsico to evade its own association with the problem of obesity while also giving the company a very visible and apparently benign presence in schools. The government's advisory committee did raise concerns over conflicts of interest – but these were ignored. One member of the committee, the head of food policy at City University, stated: 'I don't see how advertisers who have subverted public health can help us rectify the state of the nation's health' (*The Observer*, 20.03.11).

Supermarket Asda (owned by Walmart) were also recruited to the 'Change for Life' campaign by the coalition government and offered money-off vouchers for its own brand food products; an association that suggested that Asda products were healthy and endorsed by the government programme. The confectioners Mars offered a reduction on its branded wholemeal rice on presentation of a Change for Life voucher, again associating the company with healthy eating. These vouchers were offered in the newspaper *News of the World*, then owned by Rupert Murdoch. Murdoch is the father-in-law of Matthew Freud, head of Freud Communications, and both (as the Leveson enquiry dramatically demonstrated) have a particularly close association with David Cameron.

In the current coalition government, there is no question that the drive is to withdraw support from the state, citing other 'partners' as stepping in to do what the state once did. Tim Montgomerie, editor of the right-wing *Conservative Home* blog (www.conservative.home.blogs.com), articulated the position of

many Conservatives in an article for *The Guardian*, when he advocated that the coalition government go even further in their shrinking of the state. He argued: 'the state is consuming 50% of national income. In parts of the UK, government accounts for two-thirds of spending. This oxygen-eating monster leaves little room for private enterprise or independent family life - both better and more sustainable providers of income and care' (*The Guardian*, 07.12.11).

In the aftermath of the financial crash, it would seem that that it is less necessary to curb the state than to regulate financial institutions and the markets. Current news reports and statistics offer a swingeing counter to Montgomerie's argument, vividly demonstrating that neither independent family life nor private enterprise are either better or more sustainable providers of care. As the coalition government continues to reassure that the private sector will step in, corporations and companies are increasingly unwilling to fill in the gaps to jobs and public services left by the coalition's sweeping cuts.

Private sector efficiency?

One of the consistent arguments in favour of private finance has been the advocacy of the superior efficiency of the private sector. A recurrent phrase employed in arguments for austerity and privatization is that the state cannot go beyond 'what the country can afford'. This construct is a version of Thatcher's rhetoric that the government finances are analogous to those of a domestic household. Despite the arguments of Krugman and others (Krugman and Wells 2012) that no such analogy is possible, it has become a common sense. 'Efficiency' has been a recurrent term in the speeches of Cameron and Osborne, both before and after the 2010 election. Two long-serving Conservative and Labour Governments (under Thatcher and Blair) and the rather more wobbly coalition have clung tenaciously to the belief that the public sector is inefficient and unglamorous and that the private sector is sharper, cheaper and more efficient in its running of public provision. In the face of the manifest failures of the market economy in running national institutions – whether hospitals, schools, theatres or art galleries – the rhetoric remains unchanged.

In the field of education, deals with W. S. Atkins, Jarvis, Serco and Nord Anglia did not just demonstrate these companies' lack of fitness for their awarded contracts, but ended in scandal (see Chapter 9, Education, Education,

Education . . .). Each company was guilty of failing to deliver or going over budget on their contracts and had to be bailed out by local education authorities or by government. The private sector in education is currently benefiting disproportionately from public funding; public taxation is now used to subsidize what were once fee-paying schools in their conversion to 'free schools,' and immensely rich public schools are financially supported in lending their names to new academy schools.

In the health sector, Colin Leys (2002) has pointed to the enormous transaction costs in the private provision of health services, costs that were not accrued in public provision. He points out that before the NHS was remodelled on a marketized model, its administrative costs were estimated to be 5–6 per cent of total spending. After this 'modernisation', costs stood at 12 per cent and are predicted to rise to about 17 per cent. Many of the companies currently lining up to take over the management of NHS services are American; the administrative costs of health service in the US context are an estimated 24 per cent, while in American for-profit hospitals they are a staggering 34 per cent. Leys (2002) has argued that privatization seeks to transform services into commodities, with the aim of increasing profits. He emphasizes the pressures stemming from international capitalism, whereby international capital pressurizes national governments to allow transnational corporations to run their public services. Leys insists on the need for new forms of global regulation and advocates that public services should be taken under democratic control and that new forms of accountability should be introduced at all levels.

The financial collapse of Southern Cross in social care in Britain was a dramatic illustration of what can happen when the private sector is unaccountable and unable to fulfil its contractual obligations. The local authorities, who had been required to move care home provision into the private sector, had to take over responsibility for the elderly patients in Southern Cross' care. Another case was that of A4E, a company whose considerable profits were entirely derived from government contracts to get unemployed people into work, which is currently under investigation for fraud and malpractice. In 2011, the company was invited to advise Cameron's office on future privatizations, but by 2012, Chris Grayling, then employment minister, declared that the company posed too much of a risk to be given any further contracts.

The most notorious recent case of private sector inefficiency has been that of G4S, one of the largest and most long-established companies providing services to the public sector. Less than a month before the staging of the London Olympic

Games, when it became public knowledge that G4S had comprehensively failed to muster sufficient staff or to adequately train them, the Army had to step in to cover the security needs of the Games. The case of G4S dramatized the danger of reliance on private corporations to such an extent that even some Conservative MPs have since called for a rethink on the use of private companies to deliver public services.

It is not only the potential for corruption and incompetence that is perilous in the handing over of long-established services to private capital, it is also the cost. The failures of PFI and PPPs would have been the biggest bail out of all, were these sums not dwarfed by the near collapse of the banks which had to be bailed out by public funds. PFI contracts were attractive to both Conservative and New Labour governments because they kept the figures off the current balance sheets, but the long-term costs are great, not least because of the administrative costs. The National Health Service is faced with an estimated £65 billion bill for private contractors, for hospital building costs at £11.3 billion, and 22 NHS trusts are at risk of bankruptcy because of their PFI commitments (*The Independent*, 10.09.12). Judt has calculated that over the course of the Thatcher period of privatizations in Britain:

... the deliberately low price at which long-standing public assets were marketed to the private sector resulted in a net transfer of £14 billion from the taxpaying public to stockholders and other investors. To this loss should be added a further £3 billion in fees to the bankers who transacted the privatizations. Thus the state in effect paid the private sector some £17 billion to facilitate the sale of assets for which there would otherwise have been no takers. ... This can hardly be construed as an efficient use of public resources. (Judt 2010, p. 110)

It is indeed not an efficient use of public resources, but privatization consistently has been presented as such. It is demonstrably not the case that the private sector is saving the public purse; in fact, the reverse is the case, it is public finances that are being raided to support (or often to bail out) private contractors invited to run public services. Judt has described the profound shift in Britain and America, in which the progressive developments of the post-war era were rolled back:

With the advent of the modern state (notably over the course the past century), transport, hospitals, schools, mails, armies, prisons, police forces and affordable access to culture - essential services not well served by the workings of the profit motive - were taken under public regulation or control. They are now being handed back to private entrepreneurs.

What we have been watching is the steady shift of public responsibility onto the private sector to no discernible collective advantage. (Judt 2010, p. 109)

Despite the mounting evidence that 'choice' was not a public priority in essential services, and that the private sector has proved itself to be less efficient and fiscally responsible than the public, that steady shift persists implacably.

The problems of sponsorship

Politicians have argued and continue to argue that sponsorship provides a valuable new form of revenue that enables a whole range of activities to take place and thrive; a new orthodoxy has emerged, that it is impossible to stage cultural activities without the involvement of commercial sponsors. The private sector is represented as benevolently stepping up to save the public purse from the expense of big public events. The Millennium Dome, the bicycle scheme in London⁶ and the 2012 Olympics games were all presented as though they had taken place because of the support of corporate sponsors. During the build-up to the London Olympic Games, Sebastian Coe, the chair of the organizing committee and a Conservative peer, decried those critical of the extent and impact of sponsorship on the games:

They don't understand the funding model. Many of them don't get sport. They have probably remained hermetically sealed from the reality of hard-pressed communities . . . It's fine if you live in the shires . . . The same people who don't understand the nature of sport sponsorship quite comfortably go along to the opera and don't worry about large corporates' (Coe quoted in *Evening Standard* 22.06.12)

This description constructs critics of sponsorship as rural, out of touch snobs. However, it is possible to take pleasure in both sport and the opera, to understand the funding model and still to worry about 'large corporates'. It is now clear that sponsorship as a mode of funding for both events and services has a number of serious flaws.

Sponsorship is an unstable form of funding and can appear and disappear as a result of commercial decisions which have no relation to the benefit of the public or the long-term future of the sponsored events or institutions. Income from sponsorship is not subject to planning or policy and a dependence on sponsorship makes any long-term planning difficult, as sponsorship relationships tend to last only 2 or 3 years.

Sponsorship is a form of advertising disguised as benevolence. Sponsorship promotes the apparent paternal benevolence of a company, but it is in fact advertising for commercial purposes. Sponsorship has produced a colonizing of public space by commerce, which has accustomed us to an environment which is saturated with commercial announcements. Sponsors are concerned to maximize their presence, they inevitably have a tendency to overstate the extent of their contributions, and so mask the considerable input from public funding. The sponsor will rarely be the only or the main financial provider; public bodies often provide the bulk of finance, yet fail to publicize their own input, allowing private sponsors to gain much of the credit for an event. In the arts, the power of sponsors over the programming and advertising (as was also the case with the Dome) is disproportionate to the proportion of their investment. The Arts Council, publicly funded from taxation, is given minimal coverage in its support of theatres and galleries across the country. For what is generally a very small percentage of the costs, commercial sponsors are rewarded with government gratitude, public sympathy and cultural kudos.

Sponsorship is inclined to fund certain forms of activity over others and to imperceptibly skew cultural and sporting events. The more popular theatrical works and art exhibitions, the more mainstream composers, the more successful or star-heavy sporting events, the more publicity-worthy health activities are those which will attract sponsors. Although sponsored bodies are in no position to say so, sponsorship promotes self-censorship and inevitably shapes the choice of events that can be offered by cash-strapped arts and sporting organizations. Sponsorship of cricket and tennis umpires and football referees undermines their independence, the sponsorship of arts events compromises the judgement of curators and dramaturgs. Academic and medical conferences sponsored by commercial interests are potentially compromised in their conclusions. Commercial sponsorship has increasingly come to intrude on the previously protected neutrality of officialdom and on uncompromised professional judgement.

In a more adequately funded public sphere, the need for sponsorship would not be so pressing. However, dramatic change should not be anticipated. Sponsorship is not going to wither overnight, and forms of regulation and codes of practice are necessary to limit the damage that can be caused. Public institutions should ensure that our public support of activities is made clear, and sponsors should not be allowed to hijack events, claiming the bulk of the credit, while providing a minimum of support.

Private/public partnerships?

If commercial sponsorship undermines citizenship and democracy, in that it tends to by-pass and undercut democratically accountable forms of resource allocation, the steady incursion of private capital into public services has even more serious consequences. The problems of sponsorship are exacerbated considerably when the implications of commercial and vested interests in health, welfare and education services are considered.

If sponsorship cannot be relied upon for long-term planning in the arts or in sport, the same applies to private investment in the public sector. Private capital undermines planned policymaking, and it is unregulated and unmonitored. Private corporations may not be consistent in their provision; there are substantial and demonstrable risks that they may collapse or be found wanting (as in the cases of Southern Cross, A4E and G4S), leaving behind a situation where the state has to both bail them out and take over their responsibilities. The cases of corruption, incompetence and inefficiency repeatedly demonstrated in private sector involvement in the provision of public services (some outlined in 'Our Corporate Partners') are enough to give pause for thought. There is enormous potential for conflicts of interest, as in the case of doctors whose research is sponsored, who may be on the advisory boards for pharmaceutical companies or who are involved with private medical providers. The same is the case for educators who may have investments in particular teaching materials, computer systems or reading schemes.

Private investment denigrates the public sphere and valorizes private enterprise. The deregulation of public services has broken alliances and teams which have been built up over years in the interests of competition. Investment in public services allows corporations to set an agenda; schools, hospitals, care homes and surgeries, all are places where people and children are vulnerable and should be protected from commercial or religious interests. Private companies are not philanthropic; private enterprise has a profit motive before anything else and has not the experience or history of local authority and government provision. Businesses have a primary responsibility towards their shareholders, any profits made are unlikely to be invested back into the public realm, and, as many of the corporations involved are multinational, the returns are unlikely to come back to Britain. Private capital is not accountable.

The embedding of private enterprise in the public domain has given corporations the power to influence public policy. It is no longer the case that

commercial sponsors are contributing to public provision, but that sponsors are now actively invited by Government to contribute to policymaking. We are currently in a situation in which it is not private capital that contributes finance for public services, but that public funds are increasingly being used to support and encourage private (and often global) capital. Institutions which have no ethical requirements other than the profit motive are now invited to run national services that were once run in the interests of the nation.

The bad new days

Judt rightly warns against nostalgia for what might seem like a golden age; like Brecht, he understands: ‘Don’t start from the good old things but the bad new ones’ (quoted in Mitchell 1998, p. xi). We are both of the generation to have been beneficiaries of what is now constructed as a golden age of welfare provision in Britain, a generation who grew up at a time in which, as Judt puts it: ‘it was simply assumed that there were public goods and goals for which the market was just not suited’ (Judt 2010, p. 59). We were given free school milk, cod liver oil and orange juice, we went to the dentist regularly and were given spectacles – on the national health. Our university courses were free, and we were given grants to do undergraduate and postgraduate work. This generation – the baby-boomers – has been decried as overprivileged, selfish and spoilt. Linda Grant’s 2011 novel, *We Had It So Good*, suggests as much, in a narrative which traces a gilded generation who inherited wealth, acquired property cheaply and enjoyed the benefits of a free university education.

This position has become yet another common sense, positing that the generation of the 1950s and 1960s has taken all the benefits of the welfare state and has been irresponsible and unthinking of the prospects for future generations. David Willetts (Conservative Minister for Higher Education) clearly expressed the Conservative position in the title of his 2010 book, *The Pinch: How the Baby Boomers Took Their Children’s Future - and Why They Should Give It Back* (which was taken up as another big idea for the coalition government). This squarely puts the blame for the financial crisis on the generation who grew up in the period when inequalities were at their least stark in Britain: ‘The charge is that the boomers have been guilty of a monumental failure to protect the interests of future generations’ (Willetts 2010, p. xv). Willetts does not, however, suggest that that generation should ‘give it back’ through taxation; instead, he

implies that the welfare state was itself contributory to that selfishness: 'The baby boomers, having enjoyed so far a spectacularly good deal, are dumping too many problems on the younger generations. . . . At the moment it looks like a selfish giant' (Willettts 2010, p. xxi).

To hold one generation to account for the failures of the economic market is to underestimate the differences within that generation, and to erase the inequalities of class, ethnicity and gender. The 'monumental failure' was not theirs, but created by an unsustainable property boom that was not of their making and by a market-driven economy and consumer culture that was rejected by many of them. For several generations, the provisions of the welfare state were understood to be rights rather than privileges; this was not just 'a spectacularly good deal' for individual members of that generation. These were rights that did not only benefit individuals, but which contributed exponentially to the health and education of the nation, and which, fundamentally, were about egalitarianism.

Those rights have steadily been eroded through the introduction of the rhetoric of the free market, choice and of competition. Judt suggests that egalitarianism came about because of the principle of universalism, the welfare state provided a universal entitlement to education, health care, pensions and maternity care:

In most cases it was achieved by the magic of 'universalism'. Instead of having their benefits keyed to income, in which case well -paid professionals or thriving shopkeepers might have complained bitterly at being taxed for social services from which *they* did not derive much advantage – the educated 'middling sort' were offered the same social assistance and public services as the working population and the poor: free education, cheap or free medical treatment, public pensions and unemployment insurance. As a consequence, now that so many of life's necessities were covered by their taxes, the European middle class found itself by the 1960s with far greater disposable incomes than at any time since 1914 (Judt 2010, pp. 52–3)

In the new austerity of the coalition government, all these principles are now under attack, and especially that of 'universalism'. And Judt was right about the consequences, the media are indeed 'complaining bitterly' at social welfare which is seen to be provided for the feckless and the scrounger. Beyond the media, there have been reports that abuse directed towards people with disabilities have risen dramatically, in a culture in which sickness benefit has been under scrutiny (www.scope.org). The last three decades have seen governments of the main three parties firmly distancing themselves from the principles of the welfare

state and declaring radical reforms – reforms which have meant an embrace of the market and the withdrawal of state support from public services. The ‘selfish giant’ is not so much the generation who grew up under the welfare state, as the governments and corporate interests which have served to undermine it.

Public good and public value

All the ideological configurations of the Third Way, Red Toryism, Orange book Liberalism and the Nudge claimed to be in the interest of the public good, to offer ‘value’ to the tax payer and to represent the centre ground. But there are other ways of understanding the public good and what represents ‘value’ which go beyond the ‘value for money’ rhetoric of Thatcher and Blair and the ‘living within our means’ of Osborne. The concept of ‘Public Value’ was developed by the American professor of public management strategy, Mark Moore, in his 1995 book *Creating Public Value* which argued that public services were a distinctive field which could not be entirely ruled by the market, that their primary allegiance is to the groups they serve and that public value cannot be measured by profit. Moore’s work was influential for think-tanks and government policymakers in both Britain and America, and, in 2002, Geoff Mulgan (then director of New Labour’s strategy unit and head of policy in the Prime Minister’s Office⁷) contributed to a discussion document for the Cabinet office which borrowed Moore’s title and used his concept as a framework for government policy on public services. While continuing to advocate a mixed economy model, they also argue that public services should be differentiated from the private sector and stress the need for accountability and trust in the public sector (Kelly, Mulgan and Muers 2002, p. 5).

The American Richard Florida argued in his 2003 book, *The Rise of the Creative Class*, that cultural amenities are valued even by those who do not use them and that public museums, galleries and stadia contribute to a community’s sense of civic pride and can contribute to a region’s economy and regeneration. Kate Oakley made use of the same argument in the local context of South-East England, in calling for public investment in the creative and cultural industries. Here, directly quoting Kelly, Muers and Mulgan, she explains ‘public value’ in these terms:

... the idea of the value created by the public realm ... the lens of public value helps to explain why, despite many predictions, Western European societies have generally retained public models of provision in health, education and

welfare. It suggests that beyond the 'consumer' experience of these services, there is value attached to their perceived equity and fairness. As research for the Institute of Fiscal Studies suggests, even in cases where people use privately funded alternatives to public provision (such as private health or education), this does not affect their willingness to support state spending on the same services. (Oakley 2004, p. 9)

Oakley specifically references the public library as a case of public value. As Oakley explains, the public value of a library goes beyond benefit to the individual:

Most evidence indicates that library usage is in decline; but the closure of any specific public library will often cause outrage in a community. This suggests that people derive value from the presence of a library (so called existence value), or from the use of the library by others (altruistic value). (Oakley 2004, p. 9)

The cuts to council budgets have meant that councils have been forced to implement cuts to local services, and libraries are perceived as softer targets than other public services; currently, the Public Libraries News website estimates that 270 libraries are closed or at threat of closure (www.publiclibraries.com)⁸. The impact of new technologies on the distribution of the written word has inevitably meant that the function of libraries has had to change, but they remain much loved institutions, often providing computer access to those without.

There are alternative models of provision for public services and cultural activities (which, as Keynes and Priestley recognized, are themselves a form of public service) that do not involve a systematic trawl for sponsorship or a surrender to the forces of private enterprise. There are opportunities to reinvent and reinvigorate the public sector. In *Back to the Future, Collectivism in the 21st Century*, John Mills and Austin Mitchell suggest that a 'sea-change' in popular attitudes and policy orientations is possible, away from free-market individualism and towards a renewed confidence in public values and collective endeavour. They argue that there is a shift in the public mood towards support for collective initiatives, which represents an opportunity for real change.

There is clear public unease at the privatization agenda and a growing public anger at the visible inequalities in British society. The fact that a Conservative government could not achieve a full mandate in 2010, despite the global recession, an incumbent and not entirely popular New Labour administration and (according to the national press) a very unpopular Labour prime minister in Gordon Brown, suggested that the electorate were half-hearted at best at any return to Tory rule. The election of Ed Miliband as Labour leader, over his

brother David, the New Labour candidate, also suggested that the Labour party membership and trade unions were not convinced by New Labour being quite so 'business friendly'. There have been loud protests from UK Uncut, the Occupy movement, the trades unions, students and public sector workers. A march of half a million in 2010 against public sector cuts (the largest public march in London since demonstrations against the Iraq war) demonstrated how much resistance there has been to current government policy. There is documented public support for policies which benefit the 'public good'. A 2012 report for the Fabian Society presented a poll in which 64 per cent of the public supported the proposition that 'services like health and education should not be run as businesses. They depend on the values and ethos of the public good', only 17 per cent disagreed (www.fabian.org.uk).

Hans Haake presciently warned in 1995 that what is being lost will be difficult to replace:

It is difficult to reverse the situation once the state has abdicated and the institutions have become dependent on the sponsors. Even though - in the end - that is, at the level of the national budget - the taxpayers still pay the bills, the institutions, focusing on their immediate and individual problems, see only financial relief. . . . Management prevails. (Bourdieu and Haake 1995, p. 71)

We are completing this book 2 years into a Conservative-led coalition government, at a time when 'management' would seem to prevail. But the implications of the rhetoric of the Big Society, Red Toryism and Orange Book Liberalism are becoming vividly apparent and as the marketization of all aspects of the state gathers pace, so is resistance to that privatization. Britain is currently poised for a battle over whether the private or the public sector will hold sway.

Notes

- 1 Blond is an exponent of Radical Orthodoxy, an Anglo Catholic movement, and had been a lecturer in Theology at the University of Cumbria. His earlier published book is an edited collection, *Post-Secular Philosophy: Between Philosophy and Theology* (1998), which attempts to reconcile religious faith with post-modern philosophy.
- 2 The Conservative chair of the Local Government Association, and leader of Kensington and Chelsea Council, warned the Chancellor in 2012 that further cuts to local councils would leave them unable to provide even the most basic services (www.local.gov.uk).

- 3 David Miliband was the Blairite candidate for the Labour leadership after Blair, who lost the leadership election in favour of his brother Ed, largely because of his perceived closeness to Blairite policies.
- 4 *Nudge* emulated the success of Malcolm Gladwell's 2000 *The Tipping Point: How Little Things Can Make a Big Difference* and 2005 *Blink: The Power of Thinking without Thinking*; in its use of a one-word title followed by an explanatory sentence and in its use of an apparently simple formula to discuss a complex problem, the book received similarly widespread media coverage.
- 5 In 2012, The Mayor of New York, Bloomberg, banned fizzy drinks in large containers in the city in response to the research.
- 6 The London bicycle scheme, sponsored by Barclays Bank, did not have the effect of promoting the bank as much as they must have anticipated, although covered in the Barclay's logo, the bicycles are known as 'Boris bikes' after the current Mayor of London.
- 7 Geoff Mulgan had been, with Martin Jacques (former editor of *Marxism Today*), a founder of Demos, an independent think-tank closely associated with New Labour.
- 8 The Conservative Culture Minister Ed Vaizey has said (*The Guardian*, 02.12.11) that it is not his role to intervene in the closure of libraries and that these decisions had been devolved to local councils.