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The Centre for PUBLIC POLICY

Putting a positive gloss on welfare state de-structuring?

Recent British experience

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Social Policy Working Paper No. 2

September 2004

In Social Policy Working Papers we seek to publish interesting findings and insights from recent research undertaken or presented at the Centre for Public Policy, a research and post-graduate teaching centre within the University of Melbourne, and the Brotherhood of St Laurence, a Melbourne-based community organisation whose work includes social policy research and advocacy. The views expressed in the papers, however, do not necessarily reflect any official position of the publishers. We expect and support the further development of these ideas and their subsequent publication in journal or book form.

This paper is developed from a presentation at a symposium 'From welfare state to social investment state?' hosted by the Brotherhood of St Laurence, University of Melbourne Centre for Public Policy and Victorian Council of Social Services in Melbourne on 5 July 2004.

Published by

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ISSN 1832-4339
ISBN 1 876250 59 3

Introduction

We might all agree that there has been significant movement in ideas and practices away from those of the traditional welfare state (in all its variety), but we do not necessarily agree on the precise nature of this movement—nor indeed on whether or not it is all pointed in the same direction. Furthermore, as the very title of this Symposium bears out, there is disagreement over how best the changes are to be described and interpreted. Does the question mark refer to the adequacy (or no) of 'social investment' as a descriptive label—or to continuing uncertainty over whether *the* state, all states or any state has actually got this far or even been moving in this direction ?

This paper will discuss what has been happening in Britain. This is not to make out that British experience is in some way pivotal to what happens in Australia, but merely that, in this particular context, including a non-Australian perspective adds breadth and generalisability to the debate. Specifically, the paper will address events and developments from both a practical and a terminological point of view, in order to catch the drift, not merely of actual trends in the conduct of social affairs, but of the ways in which these have been styled—and stylised—by politicians, academics and the media. This it will be doing from the author's personal point of view. The prime source of evidence, for much of this paper, will be her own, part-documented, recollection, since the period in question effectively encompasses her period of full-time employment as a social policy academic. In short, what follows will be an attempt to construct wisdom from hindsight, beginning, briefly, with the ancien régime

The old (British) welfare statism

It would be difficult to appreciate the character—and in some surprising respects, the continuity—of events and developments in Britain since the 1970s, without some grasp of what the original post-war settlement had been all about; to the extent it had been about anything by way of clear and consistent socio-economic or political targets (see Box 1). The British welfare state may have been the first self-declared welfare state in Europe, but it was the least coherent of them ideologically and structurally, and had established its reputation as the lowest-spending welfare state in Europe long before the onset of the 1970s. This is not the place to document the piecemeal incremental beginnings of this post hoc welfare state; the absence of any single, definitive, documentary definition of it; the conflicting concepts of equality conveyed by its three pillars of national insurance, National Health Service (NHS) and education; or the fact that the two decades of post war welfare state consensus had said more about the political parties' electoral respect for a 'sacred cow' than about any positive shared visions of the good society. But it is important to bear this lack of common core criteria in mind, when it comes to weighing up what might eventually be considered a crisis, let alone a rolling back or fundamental restructuring of the original British welfare state (Jones 1980).

Box 1 Old British welfare statism

Objectives
- To reward the people (as promised) for the war effort
- To get away from the Britain of the 1930s
- To build on the legacy of social provisions already established (true of Beveridge especially).

Key legislation
- 1944 Education Act: secondary education for all, according to age, aptitude and ability
- 1946 National Health Service Act: medical treatment free to all (at point of use) according to need
- 1946 National Insurance Act: universal flat rate benefits (sickness, unemployment, retirement) based on flat rate contributions.

Slogans
- Social reconstruction!
- A better, fairer Britain.

Achievements (?)
- Twenty years of political ‘consensus’ over the welfare state as a ‘good thing’
- Twenty years of full employment, rising standards of living, rising expectations
- A growing welfare state industry of public sector workers, professionals and academics
- Widening inequalities; poverty soon to be redefined and rediscovered.

That the welfare state should have made up such an amorphous target should come as no surprise to those familiar with British styles of policy-making: reactive (‘policy-making by crisis’), incremental and piecemeal. Positive, forward-looking *sozialpolitik* had been a nineteenth-century German invention, at a time when the British, so it was said, were busy discovering social problems to be tackled—to the extent they were tackled at all—one at a time. Book titles to do with the history of the British welfare state speak of its beginnings, its ‘coming’, its evolution, its origins—never its design or its creation. It was a policy-making pattern set to continue. After the crisis—what crisis?—years of the 1970s, even the conviction politician Margaret Thatcher (see below) thought first, and instinctively, of rolling back the welfare state, rather than of replacing it with something else, brand new. Hence one key to the appeal of The Third Way and its offshoot, the social investment state, lay in fact that this was supposed to be offering something unprecedented: a first time breakaway from the confines of British tradition. The extent to which rhetoric—and presentation—matched reality, or could conceivably ever match reality, will be a recurrent theme for the remainder of this paper.

1970s: The British welfare state in crisis?

The hikes in oil prices from 1973 triggered not just public spending crises, but also the first sustained, thorough-going, polarised debates, especially in Britain, about the legitimacy and effectiveness of the welfare state per se. Why was there still so much (relative) poverty in Britain, after twenty-five years of Beveridge’s War on Want? Conversely, why were so many working days being lost to ‘sickness’, after twenty-five years of the NHS? To those on the left of the political spectrum, the welfare state had failed because there had never been enough of it; whereas to those on the right, the economy had been ruined by the excessive, unproductive burden of the welfare state. Stagflation had not featured in the Keynesian copybook, any more than had the prospect of (public sector) trades union militancy at a time of rising unemployment. In retrospect, it was the Labour Party's misfortune to have regained office in 1974, in the wake of a miner's strike and the imposition of a three-day week on British industry. This meant it was the Labour Party—of all parties—which was then charged with trying to cut back on public expenditure, after the IMF's ultimatum visit of 1976, and with trying to persuade the trades unions to moderate their demands—an effort which culminated in the notorious 1978–79 winter of discontent (when even the grave-diggers went on strike). The Conservative Party, meanwhile, safe in opposition, had swapped the pragmatic managerialism of Ted Heath for the clarion conviction politics of Margaret Thatcher.

Margaret Thatcher was no great theorist, but under the guidance of her 'guru' Keith Joseph, she was able to draw on a hefty body of theory—from Friedrich Hayek to Milton Friedman—to back up her instinctive gut dislike of the 'free hand-outs' welfare state. Interestingly, it was in part in response to this neo-liberal onslaught that neo-Marxism also enjoyed its own revival, albeit more within university departments than within the massed ranks of the Labour Party. Like the neo-liberals, though for obviously different reasons, Marxists too saw the capitalist welfare state as an institution doomed to failure. Precisely *because* it had served as a 'two-way' solution—both a working class triumph and a means of capitalism's continued survival—the combined demands upon the welfare state from both sides were bound to end in its collapse (Gough 1979). It was on the basis of just such a shared, doom-laden scenario, that ideology was born again in British politics. (So much for Bell's assurance in 1964).

It was ironic that the conspicuous outsiders in all of this were the traditional academic and field-working loyalists of the welfare state—the 'social administration' or 'Titmuss people'.[1]For them, as for Titmuss himself, the welfare state had been a matter of informed common sense atop a good conscience, rather than a matter of ideology. The results of well-designed empirical research into well-chosen social problems were expected to 'speak for themselves', as a guide to social action. It was an atheoretical training and outlook which left its practitioners in no position to debate the proportionate merits and demerits of particular components of the welfare state as if these were parts of a *formula*. It was no coincidence that, after years of routinely bemoaning 'the cuts, the cuts' of the 1970s, the UK's Social Administration Association elected in 1987—not without acrimonious debate—to change its name to what it was hoped would prove the more academically up-market title of 'Social Policy Association' (Glennerster 1988). This change, along with the heightened attention paid to such hitherto esoteric specialisms as international comparative social policy, was suggestive of a belated shift away from British welfare state 'parochialism' towards a broader, more measured, more theory-based understanding of the workings of welfare systems in general. How far this intended paradigm shift was to match with reality took time to tell.

1979–1990: The Thatcher Revolution?

The Conservatives won decisively in 1979, on the back of a strident, populist, anti-trades unions and anti-(excessive) welfare state manifesto. They won decisively again in 1983,

[1] Richard Titmuss was appointed the first Professor of Social Administration at the London School of Economics in 1950 and was acclaimed as the founder of this university subject.

thanks to a combination of the Falklands war-halo effect and the Labour Party's continuing ineptitude under Michael Foot[2]. They won again in 1987, by which time the Labour Party was coming to seem permanently unelectable, even under the young Neil Kinnock. Thanks to the Prime Minister's highly personal and forthright style of leadership throughout—from the ways in which she handled Cabinet meetings behind the scenes, to the ways in which she treated hapless television interviewers for the edification of the public—it was not long before the term Thatcherism came to signify both the style and the substance of her 'reign' (Box 2).

Box 2 Hallmarks of Thatcherism

Objectives
- To reduce public spending on welfare
- To curtail the power of the trades unions
- To cut down on crime and delinquency
- To encourage self reliance and boost work incentives
- To encourage voluntary action & the private provision of welfare

Key legislation
- 1980 Housing Act: e.g. tenants' 'Right to Buy' council housing
- 1986 Social Security Act: income support instead of supplementary benefits; end of discretionary awards; no emergency grants, only loans from Social Fund
- 1988 Education Reform Act: a national curriculum; local management of schools
- 1988 Housing Act: Housing Action Trusts re difficult estates; Housing Associations the preferred form of social housing
- 1990 National Health Service & Community Care Act: 'internal market'; separation of purchasers from providers; delegation of decision-making to districts, hospitals, GPs; promotion of home-based community care.

Slogans
- A property-owning democracy!
- The National Health Service is safe with us.
- TINA (there is no alternative)

Achievements (?)
- Little proportionate reduction in overall spending; in real terms a 20% *increase* in spending
- Switch of emphases in spending: less on education, social housing & social welfare, more on law & order, health & social security (NB costs of unemployment)
- Increase in home ownership from 55% (1979) to 68% (1990)

Nevertheless, opinions differ even yet as to how far this decade of Thatcherism effected a fundamental shift in Britain's socio-political landscape. The starting objectives were clear enough (Jones 1980):

- to roll back the welfare state
- to strengthen work incentives
- to encourage private rather than 'state-type' provision of goods and services, in order to promote competition, increase efficiency and offer consumer choice

[2] 1983 was Labour's worst election defeat in 65 years. Michael Foot's tax-and-spend election Manifesto was dubbed 'the longest suicide note in history'.

- to encourage self-help and voluntary organisations to take greater responsibility for action on social welfare.

But, unlike the tests of ‘economy, efficiency and effectiveness’ soon to be imposed on successive institutions of the welfare state (see below), these objectives had not been couched in unambiguously measurable terms. Hence there was scope for debate and disagreement.

Rolling back the welfare state

Most obviously, this was taken to mean reducing the burden of the welfare state on the British economy—thus encouraging the economy into a better performance. Strikingly this composite ‘objective’ was never achieved; nor did it ever even look a serious prospect. During Thatcher’s first term of office (1979–83), government social expenditure actually increased by 10 per cent, thanks largely to the effects of continued (rising) mass unemployment (Ellison & Pierson 1998). Thereafter, in a more favourable economic climate, until her exit from office in 1990, overall rates of spending (as a proportion of rising GNP) were reduced to finish at a level slightly below that of 1979 (Ellison & Pierson 1998); though in real terms they increased by 20 per cent (Pierson 1993, p.258). All in all, it was hardly a glowing vindication of the Iron Lady’s approach to running the country. (Box 2). Rather the figures point to the resilience of the main institutions of the welfare state to any would-be programme of cuts. The sheer popularity of the National Health Service, for instance (not least as Europe’s largest single employer), coupled with the Treasury’s warnings of the increased cost implications of any shift to a system of health insurance, ensured a swift (behind the scenes) U-turn on this front. Even the bugbear SERPS (State-Earnings-Related-Pension Scheme introduced under Labour in 1976)) proved impossible to abolish, simply for the lack of a credible alternative way of financing contributions-based retirement benefits for the lowest paid and least secure sections of the workforce. Even so, the repercussions of the attempts to persuade as many as possible of SERPS’ core clientele to switch to Personal Pensions (however little they could afford them) from the 1980s, were to haunt successive governments, both Conservative and Labour (Waine 1995).
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The only successful cut was in respect of the funding for council housing. Council house rents were no longer to be subsidised and, most dramatically, sitting tenants were awarded their Right to Buy, at bargain knockdown prices[3]. But even this saving was part offset by increases in the Housing Benefits, paid out under the Social Security budget to low income remaining council (as well as private) tenants (Pierson 1993). There was also an increase in homelessness throughout the 1980s, though this could hardly be attributed directly to the 1980 (Right to Buy) Housing Act.

[3] This was supremely popular with the very sorts of people – skilled artisans – who had supposedly helped Thatcher win the 1979 election. Hence the especial electoral soundness of this move towards a property-owning democracy.

Increasing work incentives

In short, the welfare state was undoubtedly being rolled back so far as some of its most dependent potential clientele were concerned. Witness the cuts in benefits targeted at the already marginalised in society: the unemployed, families existing on means-tested benefit, the homeless and anyone in receipt of social care services. (Hills 1990; Pierson 1993; Ellison & Pierson 1998). These were ‘burdens’ the welfare state itself could do without and which it was intended should have less of. Hence it was that ‘the number of individuals in poor households rose from 5.1 million [in 1979] to 9.4 million in 1985’ (Barr & Coulter 1990, p.333, quoted in Ellison & Pierson 1998, p.5) and that the level of income inequality continued to rise throughout the 1980s. Presumably this meant that those out of work—or insufficiently in work—had every incentive to better themselves if they could; although the same could hardly be said of those dependent on the basic state pension, whose annual update had been restricted to keeping up with prices rather than with average wages.

Encouraging private rather than state-type provision

Yet another way of rolling back the welfare state was to attack its ‘big government’ bureaucratic style of delivery—and it was in this area, during her third and final period of office, that lay Mrs Thatcher’s strongest claims to have effected a revolution. The objective, as conveyed by a landmark series of Acts of Parliament between 1988 and 1990 with regard to education, housing, the NHS and community care (see Box 2), was twofold and superficially self-contradictory. On the one hand, central government asserted its authority to set the rules and control the running of these branches of the welfare state from the top down. On the other hand, these same rules set the scene for what was to become known as ‘the new public management’, whereby public sector agencies were not merely to be forced into direct competition with private agencies in specified respects[4], but were themselves to be made to behave more like commercial agencies (were fancied to) behave. The separation of purchasers from providers of services; the setting of clear (competitive) performance targets; the delegation of decision-making downwards to ‘front-line’ management; the imposition of strict guidelines on the caring professions; the maximisation of choice for the consumer: these were all moves designed not merely to cut the welfare state industry down to size but to knock it into shape.

Opinions were of course divided as to whether such moves marked the beginning of the end of the welfare state via wholesale creeping privatisation, or its essential pruning back to a shape more in keeping what its founders had intended: a modest safety-net of a welfare state rather than an overblown, self-serving, dependency-inducing leviathan. The original welfare state was of course quite capable of being interpreted either way (see above).

Encouraging self-help and voluntary organisations

The new public management depended not merely on a voluntary sector as far as possible in its own image (lean, competitive, etc.), but on a public disposed to behave not merely as consumers but as providers themselves. Thus the new breed of local authority social

[4] for example, the system of Compulsory Competitive Tenders (CCTs) local authorities were forced to invite when contracting out areas of work.

worker was supposed to manage social care, not least by purchasing services from voluntary (and/or commercial) agencies capable of competing for the contracts available. In practice of course, these ‘quasi-markets’ tended to involve pretty much the same operators as had been available all along, given the scarcity of the skills and commitment involved. But the terms of their relationship were fundamentally changed, to the detriment, as some would have it, of their truly voluntary, independent status.

Further to this, community care was supposed increasingly to involve not just care *for* the community or *in* the community, but *by* the community. Since family and community tended to signify women’s work, this was allegedly where Thatcherism’s new (welfare state) management ran into its greatest difficulty—and posed its greatest difficulties. The very women of working age who were supposed to be epitomising Thatcher’s own example of self-help and self-determination, had been expected to elevate themselves also into the newly formalised ranks of ‘carers’ at the same time (Pascall 1997).

Yet the public, by definition, did not seem to be against the populist tenets of Thatcherism, except where these disadvantaged or disappointed or worried them personally. (Witness the abiding, Thatcher-proof popularity of the NHS). So, whatever her successors from within the Conservative Party tried to make out, Thatcherism did not die in 1990 with the lady’s own exit from office. Indeed it was not difficult to see John Major’s much trumpeted Citizen’s Charter of 1991 (‘Quality of service to the public, and the new pride that it will give to the public servants who provide it will be a central theme.’) as another dose of Thatcherism by another name (*Major*ism??). When at last, under Tony Blair’s leadership, New Labour secured its landmark triumph of 1997, even this did not mean the end of Thatcherism so much as Thatcherism under new management. Just as the Conservative Party had once realised, nearly fifty years before, that it was never going to win an election so long as it remained against Labour’s welfare state, so Tony Blair’s team had realised that their best chance of election lay in moving on from—rather than away from—Thatcherism. The centre ground had shifted.

The Third Way

The trouble with ‘Third Way’ as an expression is that it gives no indication of what it is, only of what it is not (i.e. neither the First nor the Second Way). Hence not merely the endless fun which has been had on this account by the satirical magazine *Private Eye*[5], but the seemingly endless scope for books explaining, counter-explaining, attacking, counter-attacking what the Third Way is supposed to be all about—not least by the Third Way’s most famous exponent, Giddens himself (e.g. 2000 and 2002, as well as 1998). In practice of course, it is a portmanteau expression, covering the variety of policy packages and catchphrases, successively seized upon or dreamt up by the Blair team in the search first for a winning election formula and then for a successful government formula, which were neither old left (socialist) nor new right (neo-liberal)[6].

[5] Sample its column ‘St Albion Parish News’ at <http://www.private-eye.co.uk/content/showitem.cfm/issue.1113/section.albion>.

[6] According to Giddens (1998, p.vii), ‘The term ‘third way’ is of no particular significance in and of itself.’

This certainly left a difficult field wide open. However, unlike Neil Kinnock and John Smith before him, Tony Blair had the advantage, for a new-look new leader, of not having been born and brought up Old Labour. His allegiances having been chosen rather than inherited, the scope for realignment was that much greater—to the extent and for so long as he and his 'team' could carry sufficient of the Party with them. For his own part, Blair made no secret of his admiration for much of what Mrs Thatcher had stood for. He too was against the 'hand-out' school of welfare statism, against the protection of jobs for jobs' sake, and against enterprise-sapping concepts of lifestyle equality. It was the uncaring face of Thatcherism ('there is no such thing as society'[7]) which he could stomach neither personally nor politically. Unlike the lady herself, therefore, Blair was out for a 'two-tone' compromise—but a ringing catch-phrase compromise for all that. 'Thatcherism with a human face' might have been close enough to the stance he wished to put across, but was sadly unusable for Party purposes. Hence the quest for alternatives.

The stakeholder society

This was an expression first used by Blair, apropos of his vision of Britain as a 'young country', in 1996, when addressing an audience of businessmen in Singapore (Blair 1996). The timing was obviously significant, but so was the location. This Labour leader was one of a new breed of politicians impressed not just by the high-performing tiger economies of the Asia Pacific region, but by the 'Asian values' perceived to be underpinning their success. Each of them (including the great tiger Japan) behaved and styled themselves as all-inclusive national corporations ('Japan Inc.', 'Hong Kong Ltd', etc.), to which everyone belonged and upon whose success all hopes depended. Ironically enough—given Lee Kuan Yew's long ago remarks to the effect that 'Socialism, Singapore-style, could teach the British Fabians a thing or two'(Lee 2000, pp.126–7)—micro-state Singapore had turned out to be the most dramatic success story of them all. But could Britain, turning history on its head, teach itself to behave even the least bit like Singapore?

Stakeholder implies shareholder, which in turn implies a view of society as a form of joint stock undertaking on behalf and in the interests of all its paying and paid-up members[8]. Irrespective of how unequal the stakes or shares may be, no bona fide member should fail to gain something as a result of their membership (compare this with John Rawls' vision of the good/fair society (1971))—so long as the entire show manages to stay on the road and they themselves are deemed to have made an honest effort to play by its rules. This is not an egalitarian vision, but it is meant to be an all-inclusive one, since it will be up to society (note the contrast with Mrs Thatcher) to ensure that every potential stakeholder has the best chance to achieve their best; that every reluctant or anti-stakeholder is properly disciplined if not brought into line; and that the small minority of people incapable of building up any sort of 'stake' is properly looked after. It was strong stuff.

As Bill Jordan observed:

> [This] new politics of welfare … takes the moral high ground, and mobilises citizens in a thrust for national regeneration. It deals in ethical principles, and

[7] An unfair image, it is said by apologists, the famous phrase being 'quoted out of context'.
[8] Contrast Mrs Thatcher's development of popular capitalism via the privatisation of public utilities and the sale of shares in them to the widest possible sections of the population.

> appeals to civic responsibility and the common good. Above all, it bids to recreate a cohesive community, through the values of self-discipline, family solidarity and respect for lawful authority. (Jordan 1998, p.1)

But it was asking a great deal of society, particularly of a society whose shifting social norms and civil institutions—the family, the community, the church (in the sense of religious congregation)—had become so assorted as to leave their 'collective functionality' (from Blair's point of view) wide open to question. The contrast with the engineered inclusiveness of Singapore could hardly be more marked. Yet without society as part of the working formula, or without 'the glue of communitarianism', as others might have put it (e.g. Etzioni 1997; Walsh, Stephens & Moore 2000), what was to distinguish the stakeholder idea from plain unvarnished, individualistic, devil-take-the-hindmost meritocracy? Certainly there was reluctance to admit the possible contribution of social forces (class?, exploitation?) to an individual's chances of success in a stakeholder society; just as there was reluctance to acknowledge that not everyone could possibly be a winner.

None of these essentials was to change in Blair's way of thinking, but the catchphrase 'stakeholder society' was to fade from the headlines after the 1997 election, having arguably served its purpose. Only the Stakeholder Pension remains as an uncomfortable reminder of the distance between this particular vision and reality. What was intended as a low-cost DIY pension plan (with charges capped at 1 per cent) to encourage the lower paid to save for their own retirement has turned into a tax dodge for the better off; leaving three-quarters of the company stakeholder pension schemes intended for the target group as 'empty shells' (BBC News 2004). Perhaps Blair's Vision of a Young Country (1996) had been putting across the wrong sort of message to this particular collection of stakeholders from the start.

The social investment state

This had been part of Giddens' original formulation of the Third Way (1998) and has since become the subject of much discussion in its own right; though without ever reaching the status of a popular expression in Britain—perhaps because the 'investment' analogy is not so self-evident as the 'stakeholder' analogy used to seem. What counts as social investment? Is it the society-friendly equivalent of ethical investment—i.e. investment in worthy social causes per se? Or is it simply investment in people themselves? Or else, again, is it persuading many more people to invest for themselves, as part of an 'asset-based' approach to social policy? In reality it seems to involve all of these elements, as part of what Giddens terms the Third Way's 'new mixed economy [which] looks … for a synergy between public and private sectors, utilizing the dynamism of markets but with the public interest in mind'(1998, pp.99–100).

Thus the social investment state might also be described as a stakeholder society *in the making*, in that the concept refers, not so much to a given type of society, as to a process of that society's *becoming*. The social investment state is forever being made, not born. It is geared to the future, not merely in the sense of preparing for generations to come, but in the sense of expecting and enabling each of its here and now citizens to think of and prepare for their own career and lifetime futures. It (re)constitutes the good society, not by redistributing resources but via 'the redistribution of possibilities' (Giddens 1998, p.101). In place of the welfare state's attack on, for example, Beveridge's 'giants on the road of social progress' (Beveridge 1942, p.6), the social investment state is all about 'positive welfare, to which individuals themselves and other agencies besides government contribute—and which is functional for wealth creation' (Giddens 1998, p.117). Thus:

> Positive welfare would replace each of Beveridge's negatives with a positive: in place of Want, autonomy; not Disease but active health; instead of ignorance, education, as a continuing part of life; rather than Squalor, wellbeing; and in place of Idleness, initiative. (Giddens 1998, p.128)

So much, again for the ideal type. Nevertheless, taking the priorities of the social investment state (as set out in Box 3), it is possible to find examples of the approach reflected in actual policy developments since 1997 in Britain:

Box 3 Key features of the social investment state

Objectives
- Investment in human and social capital (children and community as emblems)
- Children prioritised as citizen-workers of the future
- Future-focused
- Redistribution of opportunity (to promote social inclusion), rather than of income (to promote equality)
- Adaptation of individuals and society to enhance global competitiveness
- Integration of social and economic policy – but with social policy still the 'handmaiden' of economic policy

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Key slogans:
- No rights without responsibilities
- Out goes the Big State. In comes the Enabling State
- What matters is what works (= 'Dogmatic pragmatism')

Adapted from Lister (2003)

- Children are viewed as human capital, i.e. as citizen-workers in the making. As such, they represent '100% of the nation's future' (Royal Commission on Social Justice 1994, p.311). Hence the investment not merely in the national school curriculum (a Thatcher legacy), but at last in a national child-care strategy (instead of continuing to regard children as their parents' private responsibility (Lister 2003, p.432)), along with child tax credits (in preference to means-tested benefits) and, latest of all, a national Child Trust Fund into which Government will make payments on behalf of every child, to help 'strengthen the savings habit of future generations, spread the benefits of assets ownership to all, educate people in the need for savings and give young people a basic understanding of financial products' (Inland Revenue 2004; also Sherraden 2003).

So pronounced is this stance there is concern that children viewed only as citizen-workers in the making are being denied a childhood worth the name (Lister 2003, pp.433–4).

- Existing human capital—i.e. the adult labour force of citizen workers—is to be maximised in terms of both quantity and quality. An abundance of New Deals for the unemployed—the young and the long-term unemployed especially, but not forgetting the disabled, lone parents and older workers—embodies the investment approach to labour market policy, whereby the state serves as ‘an active agent for employment, not merely the passive recipient of the casualties of economic failure’ (Blair & Schroder 1999, p.35, quoted in Lister 2003, p.430).

Nevertheless doubts remain as to how far everyone (not just the easy cases) is likely to be rendered more employable; how far any amount of ‘employability’ is likely to be of use in areas chronically short of jobs; how far encouraging the unemployed to take more or less any job rather than stay out of work amounts to a sound long-term investment; and how far applying sanctions to the young and the long-term unemployed is reconcilable with the notion of an all-inclusive community of citizens (Dunn 2004).

- The need to invest in social capital—in the form of functioning communities—was signalled right from 1997 with the launch of the Social Exclusion Unit (SEU) headed by the prime minister himself. Its immediate brief was to tackle disadvantage by promoting joint action (hence ‘joined-up thinking’) between Whitehall departments so as to shift the focus of anti-poverty schemes towards poverty prevention rather than mere alleviation. By mid-2000 these initiatives had spawned a National Strategy for Neighbourhood Renewal. Its target was the 88 local authority districts with the highest concentrations of deprivation, as measured by levels of unemployment, mortality, housing conditions, literacy & numeracy levels and school examination results.

It is too soon to generalise about the results of what is intended to be a 10-year strategy, comprising a multitude of area-based initiatives. Nevertheless, from anecdotal evidence to date, some worryingly familiar trends appear. Reports focussed on specific short-term targets—such as reducing truancy rates in local schools—show positive results, whereas the longer term ostensible goal, of actively engaging local people in each project’s design not merely in its implementation, can seem as far off as ever. ‘[S]taff in Whitehall departments “treat new ideas as unwelcome criticism” ’(*The Times* 27 July 2004, cited in NLT 2004, p.1) and the frameworks for local initiatives ‘set a firm, often inflexible, basis for local working which inhibits innovation and new joint ways of working’ (Neighbourhood Renewal Unit 2002, cited in NLT 2004, pp.4–5).

It is not too much of a surprise to find one eminent critic[9] dismissing neighbourhood renewal ‘as more of a “story” than a strategy, … [based on] such an incomplete understanding of the dynamics of neighbourhoods, or ways of describing how they change’ (*New Start*, 18 August 2000, cited in NLT 2004, pp.8–9). Above all, like its numerous predecessors over the previous thirty years[10], neighbourhood renewal may be suffering from the fact that we lack any agreed positive concept of what the modern functioning community is supposed to look like and how it is supposed to work.

As with the quest for social justice and the institution of the Social Exclusion Unit, so with the strategy for social investment: it has proved much easier to identify and tackle the negatives than the positives.

[9] Professor Duncan MacLennan, Urban Studies, Glasgow University.

[10] Witness the saga of community action and urban aid type projects dating from the latter 1960s in welfare state Britain.

Concluding perspectives

It is this continuing characteristic which throws the proclaimed positivism of Britain's social investment project into question and, by the same token, links this country's experience more closely with that of the US (along with elsewhere in the Anglophone world?) than with that of Continental Europe, and least of all with that of Scandinavia. The elements of compulsion and short-termism in British labour market policy are more reminiscent of American experiments in Workfare than of Swedish efforts at labour force investment; just as the British drive to tackle social exclusion owes more to US concepts of the underclass than to French visions of the social inclusive society. The fact that the original British welfare state had itself been constructed largely around negatives (see above), helps explain this continuance of ideological muddle in British tradition.

Nevertheless there are grounds for thinking both US and European experience—with Britain pitched somewhere in between—may be variations on a broader, more encompassing theme: one which, compared with the particular quest for a social investment state, lends itself even less readily to a positivist gloss from any pro-welfare point of view. For brevity's sake, Jessop styles his version as the transition from the ideal type of Keynesian Welfare National State (of which '[t]here never was a pure form' (Jessop 2000, p.14)) to the equally ideal type of Schumpeterian Workfare Post-national Regime. These hardly read like politicians' catchy sound-bites, but then it is it is 'serious' commentators, rather than politicians, that Jessop sees as his audience. Having chosen his paired sets of four words with due care, he proceeds to demonstrate the nature and implications of the purported sea-change taking place by reference to the respective purposes, territorial scope and institutional means of governance; and to the (contrasting) roles ascribed to 'welfare' within each ideal type (see Box 4).

Box 4 The Keynesian versus the Schumpeterian approach

Keynesian welfare national state	Schumpeterian workfare post-national regime
Aim: full employment in national economy, via demand management	**Aim**: permanent innovation & flexibility in 'open' economies, via supply-side intervention
Welfare: national citizens & dependents to share in fruits of economic growth & hence contribute to demand.	**Workfare**: social policy subordinated to need for labour market flexibility, i.e. welfare services that benefit business.
National: policies within the boundaries of a national state	**Post-national**: national territory and citizenship less important. Associated with transfers of economic & social policy functions upwards, downwards & sideways.
Statist: state institutions the chief supplement to market forces in securing economic growth & social cohesion.	**Regime form**: increased importance of non-state mechanisms in compensating for market failures & in delivery of state-sponsored economic & social policies.

Adapted from Jessop (2000)

We may not concur with this bleak reduction of the entire western capitalist world's experience to the grand simplicities of a process from 'A' to 'B', but the breadth and depth of Jessop's approach (a last fling for grand theory?) certainly cautions against attaching too great significance to the pursuit of a social investment state, as if this could be an autonomous undertaking anywhere, by any government, in conditions of democracy in a globalised world.

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