Abandoned Citizens? The marketisation of public services and changing nature of citizenship in Britain

The architects of post-War Britain re-evaluated democracy’s relationship with capitalism, and set about the construction of universalistic welfare and free-to-all public services which might mitigate the inequalities and injustices of capitalism, and conceived of citizenship as an entitlement; a universal status. However, this ideology of paternal governmental provision of public services, and citizenship as a right, unravelled throughout the 1970’s, and the New Right conducted a reappraisal of their own, with public services being reconfigured, decentralised and marketised within ‘quasi-markets’¹. Control moved away from the “monopolistic state”² which was now to be an enabler as opposed to a provider, their users reconstituted as consumers with choice, and citizenship became something which required earning.

This paper will evaluate the extent to which this marketisation of public services and changing nature of citizenship in Britain represents an abandonment of citizens by the state. Section one will outline the nature and rationale behind the post-Bretton Woods Keynes/Beveridge-inspired universal welfare state, and explore the New Right’s ideological dismantling of it. Section two will then examine how Thatcher and New Labour redefined both public services and citizenship in marketised and individualistic terms. Section three will analyse the extent to which the changes in the first two sections represent the state abandoning its citizens. It will be posited that it represents a politically pragmatic abandonment of responsibility by the state for its citizens, and that the neo-liberal espousal of ‘choice’ overlooks central questions relating to the distribution of power, and conflates markets and capitalism, thus failing to acknowledge the inequality-provoking nature of the capitalistic market mechanism.

² ibid, p1259
UNIVERSAL PROVISION AND CITIZENSHIP ENTITLEMENT (1945-1979):

This first section will examine the post-War, universalistic conception of public service provision and citizenship informed by Beveridge, Keynes, and Marshall. It will then go on to outline the ideological reappraisal conducted by the New Right following the economic and political crisis of the 1970s.

Post-War Keynesian Provision:

In the wake of World War Two, and crucially Bretton Woods, a form of consensus politics emerged in Britain based on a commitment to the welfare state, the realisation of full employment, and the achievement of said goals via new techniques to manage capitalism i.e. Keynesian methods of aggregate demand management within a mixed economy. Some reasons behind this Marcusian “closing of the universe of discourse”\(^3\) were: war corporatism had abolished abnormal unemployment, the state’s ability to provide for citizens had been proven, and expectations had shifted, meaning it was morally unthinkable to ask men to “give up their lives for their country while their country was willing to consign their livelihoods to the vicissitudes of the market”\(^4\). Furthermore, “interwar international economic disorder”\(^5\) saw unemployment existing on a scale too wide to be blamed on the individual. However, it was Bretton Woods, with its aim of “driv[ing] the usurious money lenders from the temple of international finance”\(^6\), which called for, and made possible, a reappraisal of the relationship and uneasy co-existence between liberal capitalist society and mass social democracy. Governmental promises were no longer hostage to international fortune, and international monetary markets made stable enough to make interventionism a practical possibility. Thus, Labour’s 1945 paternalistic social democratic package entailed institutionalised

Beveridgism in the form of universal provision of welfare (NHS, social security, free education, government funded housing etc) to promote social citizenship, to fight Beveridge’s five giant evils, and to usher in the ‘New Jerusalem’. For Kavanagh and Morris, this consensual political paradigm of Beveridgist welfare provision, within a Keynesian economy, became “administratively practical, economically affordable, and politically acceptable”\(^7\).

**Marshallian Citizenship Paradigm:**

Within this paradigm, a Marshallian conception of citizenship\(^8\) was adopted, whereby citizenship was fundamentally *a status*, denoting formal equality amongst citizens, which was obtained irrespective of whether the individual citizen was recognised as making any contribution to society. Integral, were key entitlements and individuals rights, aimed essentially at counterbalancing those social and economic inequalities engendered by market-driven capitalism, which threaten the condition of formal equality within the sphere of citizenship; a concept of citizenship not far removed from more recent Rawlsian notions of social justice\(^9\). However, this style of public service provision and citizenship was bought into question throughout the turbulent 1970s.

**The New Right’s Ideological Reappraisal:**

The 1970’s were seemingly typified by economic and political crisis. Trade union militancy emanating from their strong position within the labour market, as had been prophetically hinted at by Kalecki (1943), was undermining both the full employment commitment, stoking internally generated inflationary pressures, and contributed toward an unravelling governmental legitimacy and credibility increasingly based on an

\(^7\) Kavanagh, D, Morris, P: *Consensus Politics from Attlee to Thatcher*, Blackwell, 1989, p13  
\(^8\) Marshall, T.H.: *Citizenship and Social Class: and Other Essays*, University Press, 1950  
economic performance over which they had little control following the disintegration of Bretton Woods in 1971 and the subsequent international economic volatility this fuelled.

It became increasingly apparent that a ‘right to work’ might not be possible in capitalism, and that political parties might promise a material standard of life, but did not have control over the levers with which to bring this about. The shift from providing basic conditions in which individual self interest and improvement could occur, to promising universal welfare for all with certain standards became practically impossible, so it was thought. Furthermore, it was thought that a fragmented democracy was making unreasonable demands on the state, and Bell (1976) spoke of ‘The Cultural Contradictions of Capitalism’\textsuperscript{10} generating an insatiable “hedonism which promises material ease and luxury”\textsuperscript{11}. Democracy’s relative lack of budgetary constraint ushered in by the creation of fiat money liberated from the gold standard, placed huge inflationary pressures on the economy, and authors (e.g. Brittan, 1977) began to speak of “an excessive burden”\textsuperscript{12} on welfare state democracy. An ideological reassessment on motivational grounds too occurred, most poignantly articulated by Anthony Fisher, who evocatively suggested: “Communism is the poison offered to the people; socialism is the cup in which it is given; and the welfare state is the tempting label on the bottle”\textsuperscript{13}. Keynesian welfareism was thought to subvert motivation and fundamentally change ideas of success and failure, and for Hayek it was infamously ‘The Road to Serfdom’\textsuperscript{14}. Against this ideological backdrop, upon Thatcher’s election in 1979, she promised to, like Keynes, make capitalism work better; but would do so via dismantling his project.

\textsuperscript{10} Bell, D: \textit{The Cultural Contradictions of Capitalism}, Basic Books, 1976
\textsuperscript{11} ibid, p84
\textsuperscript{12} Brittan, S, Tyrrell, R.E.: \textit{The Future that Doesn’t Work: Social Democracy’s Failures in Britain}, Doubleday, 1977, p135
\textsuperscript{14} Hayek, F.A.: \textit{The Road to Serfdom}, Routledge, 2001
MARKETISED PUBLIC SERVICES AND NEO-LIBERAL CITIZENSHIP (1988-PRESENT):

This second section will analyse the subsequent reconfiguration and marketisation of public services, and conceptions of citizenship, under Thatcher and Blair.

Reconfigured Public Services:

Thatcher’s conservative social policy reforms in 1988/9 in education, health, social services, and housing, represented the “the introduction of…’quasi-markets’ into the delivery of welfare services”\(^\text{15}\), so that the state was no longer “the funder and the provider”\(^\text{16}\). Fundamental to this reconstitution of public services, was the apparent insertion of the “mechanism of choice”\(^\text{17}\), competition, and an accountability which monopolistic provision lacked i.e. to “expose them to the sticks and carrots of [the] market”\(^\text{18}\). Both the power of local government, and the size of bureaucracy, were to be reduced, and where possible, for instance with British Rail, British Gas, British Telecom etc, the insertion of the market mechanism was total, via privatisation. However, her attempts to wholly dismantle the Beveridge project and destroy the welfare state could not be fully realised given the immense political unpopularity of doing so. After all, universalistic welfare is not socialist in nature and has a negligible egalitarian effect; the poor consume services they otherwise couldn’t afford, and those who can afford them, get them for free, and it thus increases the disposable income of the middle-classes. In this sense, she was successful at “repudiating Keynes, but not Beveridge”\(^\text{19}\).

Nonetheless, public services became increasingly reconstituted as decentralised businesses, outsourcing a number of their services, and vying for customers whose ability

\(^{15}\) Le Grand, J: p1257
\(^{16}\) ibid
\(^{17}\) ibid
\(^{19}\) Kavanagh, D: *Thatcherism and British Politics: The End of Consensus*, Oxford University Press, 1987, p308
to choose would simultaneously empower them, and subsequently necessitate a vast improvement in public services. Thus, in a policy implementation apparently lifted from the pages of ‘The Wealth of Nations’, one’s ability to select one’s school, doctor, GP etc. meant that only those offering the best services would survive, improving the overall quality of provision. Indeed, rigorous auditing and their publication in the form of, for instance in education, league tables, would (im)prove standards, ensure that only the best would receive government funding, and inform the consumption decisions of consumers. Power (1994) notes how there was an ‘Audit Explosion’ as a “reinvention of government…away from direct provision towards oversight and rule-setting” took place following competing pressures for devolution to the private sector combined with a need to control these newly autonomous bodies. Under New Labour, this public service reconfiguration and marketisation continued. Informed by the ‘New Liberalism’ of Hobhouse and Thatcher’s enabling state, the efficiency of the market mechanism for producing wealth in pursuit of redefined social justice and good public services was accepted as “the ‘social state’ gave way to a state that was regarded as ‘enabling’.”

Reconfigured “Neo-Liberal Citizenship”:

New Labour’s ‘Third Way’ politics was greatly informed by sociological theories of Giddens, which espoused the existence of, to utilise Kantian phraseology, sociological imperatives; namely the process of globalisation and individualisation. Therefore then, the individualised consumers in the public service marketplace were to create their own biography via the market, and crucially, must not be reduced to a state of dependency. Therefore, citizenship became something which was earned, conditional, an achievement, and dependent upon entering private economic contracts and self-creation (Schuck, 2002). A neo-liberal Foucauldian governmental project of subject creation via discipline

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emerged whereby there was an attempt to forge a responsibilised (Rose, 1999),
reinvigorated, empowered, moralised “entrepreneurial subject of choice”\textsuperscript{25}, who was now
to ethically self govern their behaviour e.g. not binge drink, not waste taxpayers money
etc. to ensure membership of the moral community. As Rose notes: “citizenship becomes
conditional upon conduct”\textsuperscript{26} seemingly typified in Blair’s ‘no rights without
responsibilities’ within a ‘stakeholder society’ idea.

\textsuperscript{25} Rose, N.S.: \textit{Powers of Freedom: Reframing Political Thought}, Cambridge University
Press, 1999, p142
\textsuperscript{26} ibid, p267
THE ABANDONEMENT OF CITIZENS?

This third and final section, will analyse the extent to which the evolution of public services and conceptions of citizenship from the Keynesian/Beveridgian/Marshallian universalistic paternalism outlined in section one, to the marketised, individualistic, neoliberal model outlined in section two, represents the abandonment of citizens. The first part will outline how, as a political project, it left citizens abandoned, and the second part will outline how on a theoretical basis too, it is a flawed and abandoning method of public service provision.

Political Pragmatism and Social Consequences:

One must initially analyse the rationale behind the aforementioned social morphology; that is, politically, why was marketisation adopted in the first instance under the conservative government. Thatcher’s fundamental economic aim was the elimination of the primary fiscal evil; inflation. This was to be achieved via the adoption of Friedmanite monetarism. The quantity theory of money upon which this policy rests implies that the amount of money and its velocity, causes the level of prices\(^{27}\) (\(MV=PT\)). Thus, endogenous money creation by the state i.e. government spending, was to be restricted, acting akin to a gold standard without the gold. This reduction of state expenditure could be achieved via privatising and marketising public services; what Lord Stockton called ‘selling off the family silver’ (which would also of course also make government books appear better balanced and finance electorally popular, but later inflationary, tax cuts).

This political pragmatism had dire social consequences however, notably in the poverty, inequality and unemployment emanating from the labour market shocks; in 1983, unemployment had risen to 12.5%, and “did not fall below 11% until 1987”\(^{28}\). Alan Budd, Thatcher’s economic advisor, spoke with shocking candour in 1990, about how

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\(^{28}\) Congdon, T: *Keynes, the Keynesians and Monetarism*, Edward Elgar Publishing, 2007, p208
monetarism represented less an attempt to quell inflation, but an instrument for class
warfare and subordination: “[monetarism] would be a very good way to raise
unemployment. And raising unemployment was an extremely good way of reducing the
strength of the working classes”29. Indeed, the trade union militancy throughout the
1970’s necessitating numerous political U-turns, and the infamous miners strikes,
suggested that the working classes certainly needed their strength removing. Of course,
the impact on British manufacturing of these privatisation schemes throughout, for
instance, ex-mining communities in the UK, is plain for all to see. Unemployment, drug
addiction, crime, and hopelessness is a lasting legacy of ‘rolling back the state’, and the
abandonment of citizens is shockingly apparent.

Free to Choose?

Now, we might examine how the neo-liberal, ideological argument for marketisation
represents abandonment also. Ideologically and practically, the Keynesian universalistic
welfare state was considered to be epitomised by inequitable allocative inefficiency and
unresponsiveness given lack of choice, which the marketisation of public services would
rectify, as well as X-inefficiency via bureaucratic wasting of resources and excessive
costs, which competition would rectify. In the first instance, there appears to be a
fundamental conflation between markets (equal players in a competitive system) and
capitalism (the unequal distribution of power resources i.e. capital). It seemingly
abandons concerns over the power structure of capitalist society, and serves to dismantle
the “protections and defences constructed in post-war welfare capitalism against the
rigours, vagaries, demands and inequalities of the market and the unconstrained powers
of capital”30. After all, empowerment is nothing if you are unable to act given material
conditions. LeGrand (1991) notes how parental choice over schools/doctors is useless if
geographical immobility means only one school/hospital can realistically be attended.
Indeed, can “a man given the choice between execution by firing squad or by

29 Cohen, N: Gambling with out Future, New Statesman, 2003:
http://www.newstatesman.com/200301130012
30 Clarke, C: New Labour’s Citizens: Activated, Empowered, Responsibilised,
hanging...be accused of committing suicide” 31? As such, “who gets to choose, and what they get to choose, are difficult questions” 32. Furthermore, conceiving of users of public services as consumers with choice is inappropriate given that often, such as when struck with illness, one does not choose to use a public service, but must do so, undermining the very premise of customer accountability. Finally, the idea that this faux-choice would necessitate improvements in responsiveness once again highlights the unsuitability of the private business analogy for public services. Not only do public services not provide a service, but a multitude of services for users with varying and often contradictory and contrasting needs, but their responses are framed by governmental policy frameworks (Stewart, 1993).

With regards to citizenship, the Foucauldian disciplinary element of responsibilised citizenship, espousing that “‘bad choices’ result from the wilfulness of irresponsible people” 33, perpetuates a myth of equality of opportunity and ability, and ignores the “structural distribution of resources, capacities and opportunities” 34. It is particularly saddening that New Labour did little to address this neo-liberal agenda, however, drawing upon Lenin’s observation that “the democratic republic is the best possible political shell for capitalism” 35, given that it advocates equality in circumstances of great inequality, perpetuating the false consciousness of a class ‘of-itself’, so, as Perry Anderson notes, “the Third Way is the best ideological shell of neo-liberalism” 36.

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32 Clarke, C: p450
33 ibid, p451
34 ibid
36 Anderson, P: Renewals, New Left Review, Vol.11, No.1, 2000:
http://www.newleftreview.org/A2092#_edn4
CONCLUSION:

This paper has suggested that the extent to which the marketisation of public service provision and conceptions of citizenship in Britain represents an abandonment of citizens is high. There occurred a politically pragmatic but ideologically incoherent abandonment of responsibility from the state, to the individual, emanating from the political legitimacy crisis of the 1970’s which was caused by the state promising to do that which it could not achieve. The political solutions to this problem are: own more levers of control i.e. socialism, or, promise to do less and render yourself unaccountable – the latter was opted for, hence ‘The Michael Howard Syndrome’, where problems with services, such as, say, the prison system, become not the fault of the Home Secretary/government, but the market, or due to ‘operational problems’. The espoused insertion of ‘choice’ into the use of public services is, to a certain extent, a linguistic device of “intentional misrepresentation and mystification” which overlooks the unequal distribution of resources and opportunities engendered by market capitalism, and abandons citizens, most notably “the poor working class population, to fend for themselves” as there occurs a “steady retreat of the civic ideal”. Of course, it is less the case that ‘citizens’ as a whole have been abandoned, but those who are unable to shield themselves against the viciousness of capitalist inequality. As this paper has illustrated, it is the working classes who have suffered most brutally from this removal of protections. Additionally, as Jordan (2005) notes, the insertion of pseudo-choice into public services facilitates the emergence of a two tiered system whereby “better-off citizens cluster together round the best facilities, leaving more needy, poorer and less mobile ones to endure the lowest quality services”.

37 Clarke, C: p453
39 Marquand, D: p4
Finally, the autonomisation and responsibilisation of citizens who must now ‘earn’ their status as citizens represents “the state systematically divesting its responsibilities”\textsuperscript{41}. For example, the conditionality of citizenship predicated upon re-attachment into the moral community following unemployment as seen in ‘welfare to work’ policies, calls for, and necessitates, a flexible, \textit{less} powerful workforce. Essentially, welfare has become less a social issue, and more so a private one, until eventually, “the whole concept of the “public interest” and the “public good” has collapsed”\textsuperscript{42}. Marquand (2004) extends this argument even further, and suggests that not only have the discussed processes abandoned citizens, but ultimately destroyed them, so that today: “there are no citizens; there are only customers”\textsuperscript{43}.

\textsuperscript{41} Clarke, C: p453
\textsuperscript{43} op. cit, p3
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