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Welfare State Reforms in the United Kingdom

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Introduction

There has been much debate about welfare state reforms in the UK under Conservative (1979–1997) and New Labour (1997–) governments. Accounts of welfare change are marked by large disagreements about terminology and chronology, reflecting a wider debate about whether the welfare state has been in crisis, under threat, in transition, resilient or robust, reshaped, refashioned, restructured, residualized, rolled back, recast, recalibrated, transformed, and even dismantled (Powell and Hewitt, 2002, p. 2). However, relatively few accounts tend to draw on the mixed economy of welfare and social division of welfare literature (Powell, 2007) and focus on the shifting boundaries of ‘public’ and ‘private’ social policy (Chapter 1). Accounts have often tended to be ‘one dimensional’ and thus paint partial and misleading pictures of change. Many studies concentrate on direct public provision or the ‘pure public’ sector (state finance and provision) (Burchardt, 1997; cf. IPPR, 2001; Powell, 2007), stressing the ‘dependent variable’ of the conventional ‘gold standard’ of public expenditure (Chapter 1).

This chapter examines changes in the mixed economy of welfare (MEW) and the social division of welfare (Powell, 2007; see Chapter 1). It explores the discourse, institutions and outcomes of welfare reform associated with the changing public/private mix. One major problem is that the discourse of political language tends not to be sufficiently precise to identify relevant trends. For example, both supporters and critics of ‘privatization’ tend not to differentiate between its many forms. It is difficult to assess the link between changing discourse and institutions and even more difficult to examine the changing public/private mix in terms of outcomes. Even data on inputs is rare (but see Burchardt, 1997; Smithies, 2005; Chapter 1). It is generally held that greater ‘privatization’ leads to greater inequality, but evidence of attribution is scarce.
The Mixed Economy of Welfare (MEW) and the public/private mix

In the UK the term welfare tends to be synonymous with state provision. However, the ‘welfare state’ has always contained a mix of state, private, voluntary and informal elements. Moreover, it is necessary to look beyond direct state provision to the more hidden mechanisms of fiscal and occupational welfare (see Powell, 2007). The mix between these elements has varied over time (and between countries) but an etatiste view of welfare gives only a partial picture. In short, ‘social policy’ is wider than the ‘welfare state’. Even studies that recognize the MEW often are confined to a ‘one dimensional account’ of provision, and tend not also to recognize wider issues of finance and regulation. In addition to owning and providing facilities (e.g. NHS, state education), the state can finance private or voluntary provision (e.g. paying for care in residential homes) or regulate provision in terms of standards or prices (e.g. legislation on houses in multiple occupation; rent control).

Much recent writing has focused on moves from state to market such as privatization, marketization, or commodification (for example: Drakeford, 2000; Leys, 2001; Pollock, 2004). However, privatization is an overloaded term, with limited analytical power (Drakeford, 2000). Some studies examine ‘privatization’ in ‘one-dimensional’ terms, in that it refers to the changed MEW or changed mix without specifying roles or dimensions. However, a one-dimensional ‘rolling back the state’ or a move ‘from state to market’ does not differentiate between the dimensions of production, finance and regulation. A move from state to market fails to distinguish between very different strategies such as charging, contracting out, quasi-markets, vouchers, and so on. A one-dimensional account focuses on the single issue of provision and neglects the dimension of finance. The assumption here appears to be that ownership matters: a place in a private residential home is different to a place in a public residential home (whoever finances it).

Two-dimensional accounts examine provision and finance. The Institute for Public Policy Research (IPPR, 2001) reasserts the case for publicly-funded universal services, but distinguishes clearly between the funding and provision of public services. It differentiates means and ends: the case for public services needs to be made in terms of values and outcomes rather than particular forms of delivery. The founding principles of the NHS were that it should be free, universal and comprehensive, not that it should be provided through a particular structure, process, or set of employees. It rejects the blind alleys of the ‘privatizers’ – private good, public bad – and the ‘monopolists’ – public good, private bad. It sets out four models of public management: command and control; networks and trust; purchase and provide; privatize and regulate.

Three-dimensional accounts examine provision, finance and regulation. Unlike other disciplines (e.g. Hood et al., 1999; Moran, 2003), the social