Chapter 10

Ideology, the state and welfare in Britain

Objectives

• To provide an insight into the role of ideas and ideologies in shaping social policies.

• To give an idea of the diversity of ideas, from right and left of the political spectrum, which have influenced welfare in Britain.

• To introduce the idea of the post-war ‘consensus’ which underlay social policy, and the limitations of the concept of ‘consensus’.

• To offer an introduction to some critical perspectives on welfare which have developed in recent years.

• To give an insight into contemporary developments in thinking about welfare.

• To provide an account of policy change which complements the discussions in Chapter 9 on welfare concepts, and in the chapters on welfare history (Chapters 2 and 3) and policy-making (Chapter 5).

Introduction

The purpose of this chapter is to complement Chapter 8 on welfare theory by examining, in a historical way, the development of ideas about the state, society and social policy in Britain. In addition to this, we will assess various critical perspectives on the welfare state. We will also examine the extent to which ideas and values are important in influencing changes and developments in policy.

The relevance of ideas and ideologies

Why should we study social and political ideas in trying to understand social policy? One reason is that they provide a way of understanding policy change and development, not only in the past, but at the present time. Policies can be regarded as embodying ideas about society, the economy, the state, citizens and relations between these. They embody views about justice, equality and individual responsibility.
An ideology is a body or collection of ideas about the world, about human nature, morality, society and politics, often or usually having some kind of relation to institutions such as political parties, political movements or state regimes. An ideology, or tradition of thought, for those holding to that ideology describes, explains and justifies. It provides a more or less coherent understanding or interpretation of some aspect of social reality for those who hold to it. Ideologies tend to be action-guiding, inasmuch as they influence people’s behaviour. An understanding of the belief systems or ‘assumptive worlds’ of political actors can contribute to an explanation of actions and behaviour, and to some extent of outcomes: ‘... political activity could not begin to be understood without the existence of concepts, ideas and principles, however well hidden; and the purpose of studying theory is ‘... to articulate those assumptions which lie behind practical activity’ (Pearson and Williams, 1984: 1). Policy change, therefore, can be explained by reference to changes in background ideas about the state, society and the individual held by influential individuals, groups, movements and political parties. When ideas change, policies change. (For a full discussion of policy making, see Chapter 5.)

It is not quite so simple, however, for two reasons. Firstly, the importance of ideologies as tools for explaining social and political change should not be exaggerated. Ideas shape practical action, but action also influences ideas; thinkers and ideologues respond to the social environment and pressures which surround them (Marquand, 1996: 6). With social change comes ideological change; ideological change and social change are interdependent variables, rather than one being dependent and the other independent. Secondly, the relationship between actors’ beliefs and policy change may be an ambiguous one.

To illustrate the advantages and limitations of a policy analysis approach based on ideologies, let us take as an example the present Labour government’s ‘Welfare to Work’ strategy, which was designed to foster, among other things, the more fundamental goal of ‘social inclusion’. (The details of this policy will be found in Chapter 16 on employment policy.) The sociologist Ruth Levitas examined New Labour’s ‘social inclusion’ strategy, and concluded that it was a mixture of three ideologies – what she called ‘SID’ (‘social integrationist’, emphasising paid work), ‘MUD’ (moralistic, behavioural, essentially ‘New Right’) and ‘RED’ (redistributive, egalitarian, essentially Old Left/Labour). She argues that New Labourist inclusivism is an ‘uneasy amalgam’ of ‘SID’, ‘MUD’ and ‘RED’ (Levitas, 2005: Ch. 1). In other words, the ideology underpinning ‘Welfare to Work’ is complex or even confused, being a mixture of ‘left’ and ‘right’.

It is also, in a way, saying no more than that any policy can have multiple objectives and be informed by multiple, and even competing, ideological perspectives. Most policies have a number of differing justifying rationales and supporting arguments in their favour. Policy makers and legislators can agree on a policy without agreeing on the underlying rationales for that policy. One contemporary policy analyst has observed that ‘... The connection between a policy and good reasons for it is obscure, since ... many participants will act for diverse reasons’ (Lindblom, 1979: 523; Lindblom, 1982: 135). In fact, ideological ambiguity may be an advantage in policy making, since consensus may be easier to achieve.

Take the case of school feeding, a policy introduced, or at least fostered, by a reforming Liberal government in 1906. The answer to the question ‘Why was this policy introduced?’ is in one way an obvious and straightforward one: because a
Liberal government with a large majority in the House of Commons and an absence of sufficient opposition from a sufficiently acquiescent House of Lords permitted its legislation by enabling a private member’s bill to go forward (Hay, 1975: 43–44). There was more to it than that, however. This was a policy that was attractive from a variety of points of view – ‘New’ Liberal reformism, ‘social imperialism’, Fabian socialism, the ‘national efficiency’ movement, the Social Darwinist belief in the improvement of the ‘British race’ – all views that could be found within the Liberal Parliamentary Party and Liberal Cabinet, as well as outside them. A lot of people, of diverse ideological points of view, could find something of value in the policy and agree on it (Hay, 1975: 29–38).

The points of view listed above do not correspond exactly to party political labels – more than one could be found within a single party, and even within the same individual. Regarding individuals, the historian José Harris remarks of the Fabian social reformers Sidney and Beatrice Webb that ‘. . . their approach to social welfare . . . reconcile[d] elitism with equality, imperialism with nationalism, abolition of differentials with maintenance of incentives, Stalinism with quintessential Christianity, sexual puritanism with sexual permissiveness’ (Harris, 1984: 53): ideological ambiguity, indeed.

Regarding Labour’s ‘Welfare to Work’ strategy, it is possible to identify a number of rationales for this policy, for example to reduce public spending, to reduce ‘dependency’, to foster ‘inclusion’, and to promote equality by raising the incomes of the worst-off. The policy is, in other words, ideologically ambiguous, or even muddled, but not, therefore, necessarily suspect. To demonstrate that ‘Welfare to Work’ (to take this as exemplifying Labour’s inclusivism) is a mixture of SID, MUD and RED is certainly valuable, but does not by itself contribute to an evaluation of its merits.

What all this suggests is, firstly, the need for detailed historical research into the origins of policies; identifying the ideological positions of the political actors involved is certainly important in this, but not sufficient by itself. Secondly, it suggests the need for careful analysis of the effects, impacts and outcomes of policies, in terms of some values which can be made explicit and debated openly.

**Political and welfare ideologies**

We can identify a number of broad traditions of political and social thought, or ideologies, in Britain since the nineteenth century, including, most importantly, liberalism and socialism (Pearson and Williams, 1984). These can be roughly associated with major British political parties having some sort of institutional continuity over lengthy periods of time.

The approach followed in the rest of this chapter is highly selective, and what seem to be the most significant ideological traditions have been chosen for consideration. We begin with some nineteenth-century political and welfare ideologies.
Liberalism

Classical liberalism emerged in the early nineteenth century and is typically associated with an identifying cluster of ideas – *laissez-faire*, natural rights, individualism, freedom, the minimal state. Classical liberalism is associated with the developing social science of political economy – the forerunner of modern economics. From this it derived its ideas about economic organisation: the superiority of free markets over state planning or regulation. The most important value for liberals is *freedom*, and one way of defining liberalism is as the ideology of freedom (for detailed discussion of the concept of freedom, see Chapter 9). Another fundamental liberal idea is that of *individualism*. The advantages of a free-market economic system stem from its individualism; the blindly self-interested behaviour of a myriad of individuals interacting as buyers and sellers in a variety of markets – for labour, capital and goods – results in beneficial ‘unintended consequences’ for all. Individual action is deemed to be superior to collective action (at least in the form of government action). Individualism is expressed morally through the typical liberal belief in individual ‘natural’ or ‘human’ rights. Freedom in the moral as opposed to economic sense is construed as the possession and enjoyment of a bundle of rights – freedom of speech, freedom of association, freedom of conscience and religious worship, freedom from arbitrary arrest and imprisonment, the right to a fair trial and so on (Gray, 1986; Bellamy, 1992; Vincent, 1992: Ch. 2; Freeden, 1996: Part II).

Classical liberals held that the role of the state should be minimised – reduced so as to intervene and regulate as little as possible and to concern itself with the smallest possible area of social life. The state is a coercive force. Coercion is an evil. On the other hand, the state is also essential. The state secures the general welfare by providing a general framework of laws, administered impartially and uncorruptly and by defending life and property. The state is not necessary to provide welfare, however. Beyond a basic minimum, general and individual welfare is best promoted by allowing individuals to associate and contract and exchange freely with one another through markets or other forms of voluntary action. Most social and welfare goods are more effectively provided by encouraging individual self-help and self-reliance, commercially via markets, and by various forms of voluntary action and association for charity and mutual aid purposes. The best state is one that does as little as possible directly for what we generally call welfare. The state might need to provide some kind of safety-net minimum for the really destitute and incapable, such as a Poor Law, but no more.

Individualism and collectivism: ‘new’ liberalism and social reform

From being an ideology supportive of capitalism, individualism and *laissez-faire*, liberalism in Britain developed in the latter part of the nineteenth century to produce a variant more conducive to an active role for the state, usually referred to as ‘new’ liberalism. This development is associated also with changing conceptions of freedom and individualism. Individualism came to be viewed as individual self-development rather than simply as assertion of individual rights and negative liberty. Associated with these intellectual influences is a critique of *laissez-faire* in
economics and of the sanctity and overriding importance of freedom of contract. These changes in the content of liberal ideology are linked with the politics and policies of the reforming Liberal governments of 1906–14, which are usually viewed as laying the foundations of the modern welfare state. Some of the thinkers particularly associated with these developments are the Oxford philosopher T.H. Green (1836–82), the political theorist and sociologist L.T. Hobhouse and the radical economist J.A. Hobson (Clarke et al., 1987: 35–47; Bellamy, 1992: Ch. 1; Freeden, 1996: Ch. 5).

Twentieth-century ‘new’ liberals: Keynes and Beveridge

Two influential later representatives of this ‘new’ liberalism were John Maynard Keynes (1883–1946) and William Beveridge (1879–1963). Both could be described as ‘new’ liberal critics of laissez-faire capitalism. Neither of them was a socialist or an egalitarian. Both were concerned with the problem of unemployment, offering differing prescriptions for its solution. Both have been described as ‘reluctant collectivists’ by George and Wilding (George and Wilding, 1985: Ch. 3, 49). They were defenders of capitalism, believers in individualism and prepared to accept only a qualified notion of equality. They were, however, critics of unregulated capitalism.

Keynes remained a lifelong liberal in an era when the Liberal Party was undergoing disintegration and decline after the First World War. Keynes emphasised the importance (and possibility) of an ‘active’ state in relation to economic management; he developed his views on the basis of an analysis of the inter-war UK depression and slump, which he construed as arising from a deficiency of ‘effective demand’ and in relation to which orthodox liberal capitalist remedies seemed ineffective. There was a need for substantial state intervention and regulation in the context of a basically capitalist system of property relations and competitive markets (Moggridge, 1976; Skidelsky, 1996).

The critique of capitalism in terms of its supposed inefficiency, and the associated active state prescription, were acceptable within a wide range of ideological viewpoints and political opinion, including conservatism; the Edwardian obsession with ‘national efficiency’ only makes sense in this light.

Beveridge was a liberal social policy thinker, social reformer, government official, academic and university administrator, active throughout the first half of the twentieth century. He was, like Keynes, always associated with the Liberal Party. He was especially famous for the report Social Insurance and Allied Services of 1942 to which his name became indelibly attached, and which is often erroneously supposed to be the foundation document of the British welfare state. He also made studies of and wrote books about unemployment (1909), employment policy (1944) and the role and importance of voluntary action and the voluntary sector (1948) – a classic liberal theme. He was an advocate of family allowances, social insurance and labour exchanges. The Beveridge Report of 1942 was a triumph of public relations; in substance it was largely concerned with administrative rationalisation and the tidying-up of existing social security programmes, but Beveridge succeeded in giving the impression that it was about much more. The Report embodied the basic idea of the ‘social minimum’ and advocated flat-rate contributions and benefits rather than earnings-related ones, one reason for which was the encouragement of indi-
vidual thrift and self-reliance; social security should provide no more than a floor upon which individuals could build (and would not be discouraged from building) their own welfare edifices (Lynes, 1984; Clarke et al., 1987: 89–99; Harris, 1997).

Beveridge has been much criticised by feminists, who view the Beveridge Report as licensing the post-war confinement of women to the domestic sphere, treating them for social security purposes as dependent on men (see, further, Chapter 17 on pensions). Beveridge’s report, it is argued, embodied assumptions about male and female roles – men as workers and earners, women as carers and homemakers – which have long since lost any relevance they may have had and were largely untenable even at the time. Beveridge’s favoured social insurance model of social security provision had sexist implications, since it is an employment-based system of welfare entitlements, so an assumed context in which married women will not be working and earning necessarily makes them appendages of men. Furthermore, Beveridge took no account of family breakdown in his proposals and the position of separated and divorced women with children. The post-war social assistance scheme, National Assistance, now Income Support, similarly disadvantaged women by aggregating the income of a household, in the case of an unrelated man and woman living together, for calculating benefit entitlement, rather than treating benefit claimants as individuals. (Beveridge was in fact less concerned with social assistance in his proposals, treating it as a residual, fallback and relatively unimportant part of the income maintenance system.) Beveridge’s assumptions no longer hold good, with the rise of female employment, family breakdown and single parenthood, and an individualist, rights-based culture.

These criticisms are partially justified. The social insurance system is an inflexible one which, although not formally exclusionary, must disadvantage those outside the labour market, who include, and are likely to continue to include, a substantial minority of women. (The system has been ‘tweaked’ to some extent to remove some of its sexist features and, for example, to enable married non-earning women to acquire some pension entitlement while outside the labour market; see Chapter 17.) A qualified defence of Beveridge might be that he certainly was aware of and concerned about the position of separated and divorced women with children and did give consideration to this issue at an early stage in his work on the report, but dropped them, considering them too controversial to be sold to policy makers (Harris, 1997). A second point is that the Report was necessarily of its time. It gave expression to a genuine desire on the part of many people for a return to ‘normal’ family life after the disruptions produced by war.

Socialism

Socialism, another ideology which emerged in the nineteenth century, is associated with the development of a kind of economic system and society based on capitalist industrialism. The conditions of this type of production – factory wage-labour – eventually generate the rise of social movements such as trades unions and eventually also political parties. Socialism is the ideology associated with these movements. Socialist ideology offers a critique of capitalism in moral or scientific terms or both (Vincent, 1992: Ch. 4; Freeden, 1996: Part IV). Marxist socialism claimed to be scientific and revolutionary. ‘Social democracy’, on the other hand, is the reformist
tradition of socialism and is distinguished from revolutionary socialist traditions (Gamble, 1981: 175; Clarke et al., 1987: 48–61). It arguably contributed more to social policy developments than the Marxist variety. Key social democratic ideas include those of ‘public goods’ and ‘collective consumption’ (public goods are discussed further in Chapter 8). Social democratic thought was sympathetic to the treatment of a wide range of goods as public goods to be provided collectively by public agencies, hence the idea of ‘collective’ as opposed to individual consumption.

The key socialist value, arguably, is that of equality, which was operationalised in terms of the concepts of social rights and the ‘social minimum’ (for detailed discussion of the concept of equality, see Chapter 9). Equality in either of these senses does not imply a mathematical equalising of condition (Gamble, 1981: 181).

Twentieth-century socialist thought in Britain

In talking of socialist ideology in twentieth-century Britain, we are to some extent referring to the ideology of the Labour Party, but there is a problematic connection between this and socialist ideology. There were and are various currents of thought or intellectual tendencies within and outside the Labour Party. We might refer to the ideology of the Labour Party as ‘Labourism’, although the Labour Party, like other political parties, is a coalition of various interests and points of view. This ideology is (or was) broadly representative of, or gives expression to, the interests of the working class, although it might not necessarily be socialist. In its earlier years the Labour Party was only doubtfully a socialist party (McKibbin, 1990: Ch. 1). Components of this ideology include, consistent with the close connection between the Labour Party and trades unions, a legally untrammelled system of industrial relations, independent trade-unionism and free collective bargaining.

Between 1918 and Tony Blair’s and Gordon Brown’s remodelling of the party’s doctrine after 1994 to create ‘New Labour’, the party appeared more authentically socialist; its constitution, drafted by Sidney Webb and adopted in 1918, committed the party to extensive public ownership. The Labour Party was obviously, therefore, committed to changing the relationship between state and society and reconfiguring the role of the former in the interests of working people.

There are a number of significant figures in twentieth-century British socialist and social-democratic thought. Three will be considered here. The Webbs, Sidney (1859–1947) and Beatrice (1858–1943), a husband-and-wife couple, were writers and publicists of independent means – neither held any formal academic appointment – who contributed much to a distinctive British version of socialism, as well as to the development of sociology and social policy as academic subjects of study. They wrote copiously on the history of local government, the history of trade unionism, on social questions and, in later years, on the Soviet Union, served on committees of inquiry (Beatrice was a member of the Royal Commission on the Poor Laws 1905–1909, submitting an important minority report arguing for the break-up of the Poor Law). They formulated the influential concept of the ‘social minimum’ in their joint work of 1897, *Industrial Democracy*. Their careers and concerns make clear the close, if confused, connection between socialism and social policy in the influential British variant of socialism, as do those of R.H. Tawney. Beatrice has been praised as a writer and as possessing a novelist’s talent for descrip-
tion and for depicting character and motive. As Charles Booth’s assistant on his survey of poverty in London, she wrote, among other things, the deservedly celebrated chapter on the Jewish community of East London. Her first volume of autobiography, *My Apprenticeship* (1926), was commended by the critic F.R. Leavis as one of the great Victorian memoirs, along with John Ruskin’s *Praeterita* and J.S. Mill’s *Autobiography* (Harris, 1984; Clarke et al., 1987: 48–61).

R.H. Tawney (1882–1962) was an academic economic and social historian. As well as writing works of history such as *Religion and the Rise of Capitalism* (1926), which deals with the same issues that had concerned the sociologist Max Weber in his essays on *The Protestant Ethic and the Spirit of Capitalism*, he wrote famous works of social criticism, including *The Acquisitive Society* (1921) and *Equality* (1931). The latter has continued to be reprinted and discussed. In some ways his social criticism and his history are hard to disentangle. The source of his social and political commitments was a profoundly held Christian belief. He had a very close association with the Labour Party and was in some respects the leading Labour ideologue of the first half of the twentieth century. His book *Equality* developed a view of the relationship between state social welfare provision and the achievement of equality which was to be very influential, as well as being an eloquent statement of the case for equality (Terrill, 1974; Winter, 1984).

Tawney also concerned himself with economic life and organisation, and *The Acquisitive Society*, much less read now than *Equality*, is a tract on the need to transform business into something like a social service guided by ‘professional values’ of, allegedly, disinterested service to others, rather than commercial ones like profit. Tawney took it for granted that ‘professional values’ – the supposed values of professional occupations like medicine, law and teaching – were noble and beneficent and that commercial, profit-making ones were otherwise, a point of view which seems a little quaint today in the light of sociological and other critiques of professional power (Wilding, 1982: Ch. 4). The book can be regarded as marking a stage in the twentieth-century extinction of the ideal of *laissez-faire* as a form of economic organisation, until its revival in the 1980s.

### The ‘end of ideology’ and the post-war consensus

From the 1940s onwards there was the development of a mood or intellectual attitude in many Western, and particularly Anglo-Saxon, countries by the late 1950s referred to or characterised by the term ‘end of ideology’. This refers to, or is a shorthand way of referring to, the decline of ideologies, of strong ideological adherence on the part of substantial proportions of the populations of Western countries, to the rise of stable two-party or multi-party democratic politics in these countries and of a corresponding decline in political and social conflict. There was general society-wide agreement among all social groups about political and social fundamentals in a way that there had not been before 1945, at least in Europe. There was a decline in overt political and social class-based conflict, and this was associated with the construction of the post-war welfare state, associated with agreement about political constitutions, social welfare and the economy.

In short there was what has been called a ‘consensus’. The consensus rested on a supposed political and social ‘settlement’ negotiated in the 1940s and henceforward
accepted by both the main political parties. A term which has used to refer to the
dominant political economy in this period is that of the ‘Keynesian social-demo-
cratic state’, which summarises the combination of economic, political and social
elements in the consensus (Kavanagh, 1987: Chs. 2 and 3; Marquand, 1988: Ch. 1;
Marquand, 1996: 6–8). Major social problems, such as poverty and unemployment,
appeared to have been solved. There was broad agreement between the
Conservative and Labour parties about the parameters of state action and interven-
tion in the economy and society, about the boundaries between private and public
ownership, between the market and planning, and about the boundaries of state and
individual responsibility. This view has recently been subject to a degree of challenge
by some ‘revisionist’ historians, who argue that the consensus was a myth (Pimlott,

Post-war social welfare thought

In the 30 years after 1945 there were a number of writers and theorists whose ideas
were influential, at least in shaping debate, in the post-war period. Of these, some
were clearly identified with the Labour Party, others less so. Three will be discussed

T.H. Marshall was an academic, initially a social historian and then a sociologist.
His party-political affiliations are unclear, but he was particularly important as a
social theorist in developing an influential characterisation of the post-war British
welfare state, or the system that emerged from the reform and reshaping of the
1940s, in terms of the concepts of ‘citizenship’ and social rights (Marshall, 1950,
1964). In his social theory he was concerned to identify the role of the ‘social
minimum’, via the instrumentality of universal and comprehensive social services
and spending programmes, in conferring a certain degree of egalitarian status on
individuals and thereby counteracting the inegalitarian tendencies of the labour-
market-determined position of individuals. Marshall’s theory of citizenship is more
fully considered in Chapter 9 (Bulmer and Rees, 1996).

R.M. Titmuss (1908–73) was a social policy academic, researcher and consultant
and adviser to governments, more closely associated with the Labour Party than
Marshall was. Although much of his work appears narrowly concerned with par-
ticular social policy issues, he was a social theorist of some importance, articulating
a view of the relationship of social services to the wider society. His theory of the
welfare state, condemned by some commentators as lacking political and theoretical
consistency, is unsystematic and involves a number of elements (Kincaid, 1984:
114). One element is a functionalist account of social policy as a means of bringing
about social integration (Titmuss, 1968: 116). The welfare state is also, in Titmuss’s
view, an expression of the idea of gift-exchange or unilateral unconditional transfer,
exemplified by the UK’s blood transfusion service with its unpaid blood donors
(Titmuss, 1970). A summary statement of these aspects of Titmuss’s views is con-
tained in his famous remark that ‘All collectively provided services are deliberately
designed to meet certain socially recognized “needs”; they are manifestations, first,
of society’s will to survive as an organic whole and, secondly, of the expressed wish
of all the people to assist the survival of some people’ (Titmuss, 1958: 39). Titmuss
also, however, occasionally made use of a political conflict model of social policy change (Titmuss 1987: 122). Another element in Titmuss’s thinking about welfare was the idea of compensation. Again and again he described collective welfare provision as ‘compensation’ to individuals for the ‘diswelfares’ caused by social and economic change (Titmuss, 1968: 63–64, 131; Titmuss, 1974: Ch. 5).

Titmuss may be regarded as a social democratic thinker in the mould of Tawney. His focus is narrower than Tawney’s in that he had little, beyond occasional scattered remarks, to say about the economy and economic organisation; his focus is almost exclusively on social policy and the welfare state, a product, perhaps, of the disciplinary specialisation which began to overtake the subject after the war.

Anthony Crosland (1918–77) was an Oxford academic, socialist thinker, Labour MP and minister, dying in office as a senior member of the Callaghan Cabinet. His most influential book was *The Future of Socialism* (Crosland, 1964, 1982: Ch. 7). He is often referred to as a ‘revisionist’ in relation to core Labour Party doctrine. *The Future of Socialism* contains a number of themes: equality, especially as equality of opportunity; a defence of public spending; and an endorsement of Tawney’s ‘strategy of equality’. He sought to move Labour Party concerns away from an emphasis on public ownership, central planning and the economy towards a concern with how the fruits of economic growth might be distributed (Jenkins, 1989: 5–8; Plant, 1996). His general view about business and the private sector of the economy was that it was now, in the wake of the reforms of the 1940s, essentially benign.

**The revival of ideology**

From the late 1960s there appeared to be a revival of overt political and social, class-based, conflict in many Western countries, including Britain. A deterioration in industrial relations began in Britain in the late 1960s and continued and intensified into the 1970s. There was an apparent decline in stable majoritarian two-party politics after 1970 and a rise in the importance of third parties (nationalists and the Liberals). There was the rise of so-called ‘new social movements’, associated with gender, ethnicity, sexuality and ecology amongst others. In the 1970s radical critiques of the post-war political economy – the ‘Keynesian social-democratic consensus’ – began to develop from both the orthodox left and right and from the various perspectives of the ‘new social movements’. Substantial critiques of the post-war welfare state settlement emerged from both a resurgent Marxist left and a revived ‘liberal’ New Right.

These intellectual and ideological critiques accompanied what appeared to be a growing crisis in the systems themselves. A full-blown ‘crisis’ in the Western political economy had emerged by the mid-1970s (for detailed discussion of the ‘crisis’, see Chapter 4). A key year in this context is 1973, with the quadrupling in the price of oil by the cartel of oil producers following the Arab–Israeli war in that year triggering worldwide economic instability, which in countries like the UK produced a simultaneous combination of economic slump, involving falling levels of output, unprecedented and growing levels of unemployment and balance of payments crises, together with historically high levels of inflation. By the late 1970s the post-war consensus appeared to be dead, its ideological underpinning – Keynesian social
democracy – was also dead or dying, and neo-liberal approaches, offering radical critiques of economic and social policy, were in the ascendant. These changes were marked at the party-political level in Britain by the election of the first Thatcher-led Conservative government in 1979 (Gamble, 1985, 1988; Kavanagh, 1987; Marquand, 1988, 1996; Pierson, 1996).

Critical perspectives: neo-liberalism and the ‘New Right’

‘Neo’-liberalism is an updated version of the classical liberalism of the nineteenth century. There is in a sense very little that is new about ‘neo’-liberalism; it is essentially a restatement of old ideas in an up-to-date and more sophisticated form. Major contemporary neo-liberal thinkers include Friedrich Hayek (1899–1992), an Austro-British economist and political theorist who spent much of his later career at the University of Chicago after a period at the London School of Economics in the 1930s and 1940s. He was the author of, among many other works, *The Road to Serfdom* (1944), a book admired by Keynes, *The Constitution of Liberty* (1960) and the three-volume treatise *Law, Legislation and Liberty*, published in the 1970s (Hayek, 1944, 1960, 1982). Hayek was particularly sceptical in his later work about the concept of social justice, dismissing it as an illusory ideal.

Another significant figure is the University of Chicago economist Milton Friedman (1912–2007), who was especially associated with the revival of interest in monetary policy and with the doctrine of ‘monetarism’, which asserts that inflation is a purely monetary phenomenon which can be tamed by controlling the supply of money in the economy. His most politically influential book is probably *Capitalism and Freedom*, published in 1962 (Friedman, 1962). Most of this is devoted to exploring the supposedly negative effects of government in trying to regulate society, and how free markets and voluntary action could be used to solve a variety of social problems, including, for example, racial discrimination and professional dominance in health care (Friedman, 1962: Chs 7 and 9).

Another significant thinker was the American philosopher Robert Nozick (1939–2002), whose closely argued treatise *Anarchy, State and Utopia* seemed to some people to provide the philosophical underpinnings for a theory of the ‘minimal’ state (Nozick, 1974). These three thinkers differed in their basic assumptions, but all shared a scepticism about, or even a hostility to, the contemporary active, ‘enabling’ and interventionist state as had developed in the twentieth century, and particularly since the Second World War. With the possible exception of Nozick, they did not say that the state should have no role at all in providing welfare, only that any such role should be limited largely to the relief of destitution; the state should provide a safety net, but no more.

Friedman and Hayek in particular were hostile to the idea of monopolistic, state-provided welfare services. If the state must underwrite citizens’ consumption of welfare services in kind, such as education or health care, then such assistance should be given in a form which maximised consumer choice and competition among providers, by providing people with either cash or vouchers. Finally, they were largely indifferent to equality, other than a liberal version of equality of opportunity. Socio-economic inequality resulting from the workings of the free market was not something that the state needed to do anything about, and in any case it
could not appeal to a shared, consensual theory about what justice, in the sense of a fair distribution of resources, required. Such a theory did not exist.

For contemporary liberals, there is a contradiction between the logic of a capitalist economy and the logic of a welfare-promoting state (Skidelsky, 1997). For the neo-liberal, the state is a ‘disabling’ rather than an ‘enabling’ state. It has undermined the foundations on which capitalist prosperity depends. It has created a situation in which a multitude of competing special interests – trades unions, business lobbies, pressure groups – all attempting to capture influence with policy-makers, can flourish. It has usurped a wide range of welfare-maintaining and enhancing activities, in relation to income maintenance and health care, for example, which ought to be left to private markets or to individual initiative of various kinds. For some neo-liberal writers, the critique of the welfare state is linked with a critique of modern representative democracy (Brittan, 1976).

Critical perspectives: the Marxist left

Marxism may be regarded as the ideology of a class-based social movement, the labour movement, represented by trades unions and political parties. Marxism as an ideology had a substantial institutional base in mass political parties in some European countries, such as France and Italy, for much of the post-war period, although much less so in the Anglophone countries. With the questioning of Stalin’s legacy in the communist countries that occurred after 1956, Marxist thought underwent a revival. Marxists have sought to understand the changes in capitalism that have taken place since the Second World War, and particularly the transformation of the state and its role. From being a ‘committee for managing the common affairs of the whole bourgeoisie’, which is how Marx and Engels conceived the role of the state in the mid-nineteenth century, the capitalist state appeared to have mutated into something more benign (Marx and Engels, 1968: 37).

Marxist attempts to theorise the welfare state began in the 1950s, although it is fair to say that social policy and the welfare state did not loom very large in Marxist thinking as a whole. Significant work was done, however, by a number of writers (Saville, 1957–58; Wedderburn, 1965; O’Connor, 1973; Gough, 1979; Offe, 1984). There is no unified Marxist theory of the welfare state and the authors cited differ in their interpretations (Klein, 1996c). In general, however, contemporary Marxists have dismissed the benevolence of the modern state as appearance; the reality is that it is a new way either of integrating a propertyless proletariat into a social system in which social divisions based on class remain substantial, or alternatively of providing the social underpinnings (such as health care, education, income support) for a labour force subject to unemployment or ill-health as a result of the effects of capitalist production (Gough, 1979: Ch. 3; Pierson, 2006). The welfare state is in fact a form of large-scale social control.

An alternative Marxist view is that the welfare state does represent a real achievement by the working class, at the expense of the capitalist class. It is the outcome of successful class struggle by that working class in support of its own interests. All Marxist views imply, however, that in some sense the ‘real’ interests of the working class are not being served by welfare-capitalist states and would be better served by some alternative arrangement of society (Gough, 1979: Ch. 4; Pierson, 2006).
The most sophisticated Marxist interpretation of the welfare state is that provided by O’Connor and the German sociologist Claus Offe (see Chapter 4 on the welfare state ‘crisis’ for further discussion of these writers). Their view is essentially that the welfare state is simultaneously necessary and damaging to capitalism; on the one hand, the welfare state is necessary to buy legitimacy and the acquiescence of the working class in the capitalist system; on the other, the expense of the welfare state undermines the system. High levels of taxation and generous welfare provision undermine the incentives – to work, save and invest – on which capitalism depends (O’Connor, 1973; Offe, 1984). The welfare state is therefore, in their view, a self-contradictory institution which cannot survive in the long run. Marxists and neo-liberals agree here in their views about the damaging effects of welfare.

The views described above can be associated with what is called the ‘New Left’, which in Britain was mainly an ideological movement among university academics and intellectuals, grouped around magazines like New Left Review and the annual Socialist Register. It would be wrong to say, however, that they were completely without political influence. Although most adherents of New Left views distanced themselves from the Labour Party, others chose to join the Labour Party and their influence permeated it, to some extent, in the 1970s and early 1980s, helping to explain the leftward shift in the party’s policies at that time.

Critical perspectives: ‘new social movements’

Feminism

Feminist ideology is now a substantial subject in its own right with a voluminous literature. It would be better to speak of the subject in the plural, rather than the singular, since various schools of thought, dimensions or tendencies within feminism have developed (Vincent 1992, Ch. 7; Freeden, 1996). Feminism(s) may be regarded as the ideology of a ‘new social movement’, one of a number that have appeared since the 1960s. Others include movements based on sexuality, disability, ethnicity and ecology or environmentalism. Feminism is associated with a movement for gender equality. Its central organising frame of reference is the interests and needs of women. As far as the welfare state and social policy are concerned, feminism’s message is ambiguous and, as one might expect from the diversity of feminist viewpoints, there is no agreed view. Feminism arguably helped to build the welfare state in the twentieth century, as something in the interests of women and children. More recently, feminist theorising has become more critical.

Feminist thought of the first half of the twentieth century can be credited with a positive impact on social policy. In Britain, particularly noteworthy was the work of Eleanor Rathbone, who published what can be regarded as a major contribution to the economics of the family in 1924, *The Disinherited Family*. This was an argument for the introduction of what was called ‘family endowment’, or family allowances. This was important because it was a demand for a breaking of the link between paid work, wages and family welfare. The prevailing orthodoxy at the time was that the welfare of families and children was mainly a matter for the individual family. Some departures from the principle had been allowed in the first two decades of the twentieth century in the form of, for example, school feeding, school
medical inspection and needs-based allowances for the families of men in the armed forces during the First World War. Insofar as family income figured in political demands at that time, it was in the form of trades union demands for a ‘family wage’, to be secured through free collective bargaining.

This was criticised by feminists like Rathbone as inadequate for two reasons. In the first place, wages took no account of family size and needs; what might be an adequate wage for a childless couple or small family might be inadequate for a large family. Secondly, the demand took no account of the division of household income among family members, simply assuming that the division of income was fair. This was often not the case. Rathbone’s proposal was that the costs of child rearing should be accorded some recognition and partly socialised through the provision of a cash benefit paid to the mother. This represented an important departure from laissez-faire principles. The principle was eventually recognised, rather inadequately, in the family allowance legislation passed by the wartime coalition government in 1945, prefigured in remarks by Beveridge in his Report of 1942. This survives, alongside the various family-oriented tax credits introduced since 1997, as the universal Child Benefit (Pedersen, 1993).

What is called ‘second wave’ feminism developed as a movement in the late 1960s. Although not associated with a mass political movement or party, feminism is in practice an ideology of some variant of the political left, liberal, Marxist or ‘radical’. Contemporary feminists have paid a great deal of attention to social welfare institutions because they impinge on the lives of women to such a great extent. Many of them have advanced a critical view of the welfare state. It is criticised as oppressive and patriarchal and as reinforcing a patriarchal organisation and domination of society. This occurs in a number of ways. Welfare policies and practices may be viewed as disadvantaging women; women are, for example, at greater risk of poverty in many welfare states than men. Welfare institutions may also be seen as agents of social (that is, patriarchal) control and as helping to reinforce gender stereotypes, both via service delivery policies and practices (ideas, for example, about women’s roles as members of conventional nuclear families and as carers) and as large employers of female labour (Pateman, 1988; Williams, 1989: Ch. 3; Pierson, 1998: Ch. 3, 66–76).

Feminism has had a substantial influence on the political agenda, particularly in the years since 1997, but also in the 1970s with some notable anti-discrimination legislation such as the Equal Pay Act 1970.

**Ethnicity and culture**

The ethnicity perspective is one which takes ethnic or cultural identity as primary and as a foundation for social division. On this basis, Western welfare states may be viewed as racially, ethnically or culturally oppressive and exclusionary, and as stratified by ethnic or cultural group, with ethnic and cultural minorities occupying subordinate positions. Welfare institutions themselves may be viewed as playing roles in this, in terms of their own inegalitarian exclusionary service delivery policies and practices and their role as employers of low-wage migrant labour. This perspective might also, more broadly, draw attention to cleavage and division on an international scale, to histories of imperialism and colonial oppression, to such
issues as developing-country poverty and underdevelopment, and population migration from less-developed to developed countries. The tendency is, again, to undermine the optimistic view of the Western welfare state as uniformly benevolent or uniformly and impartially concerned with the rights of all persons (Williams, 1989: Ch. 4; Pierson, 1998: Ch. 3, 76–88).

An ethnicity perspective had, arguably, limited influence on social policy until the 1990s, becoming more significant after 1997, when ethnicity became a mainstream issue for the Labour Party in the wake of the Macpherson Inquiry Report on the Steven Lawrence murder, published in 1999. Legislation followed in 2000 prohibiting public bodies from discriminating in their treatment of ethnic minority individuals. The Macpherson Report was also influential in its endorsement of the concept of ‘institutional racism’ as something which organisations, public and private, must avoid. These initiatives can be regarded as aspects of a liberal approach to equality as equality of opportunity and non-discrimination.

An interesting and significant aspect of a culture- and ethnicity-based approach to social policy is that of multiculturalism. Multiculturalism implies accommodating, respecting or recognising ‘difference’ in relation to minority communities. It can be viewed as an alternative or additional dimension of equality to the liberal emphasis on equality of rights and opportunities, one which stresses the importance of ‘identity’. Policy in the UK has been broadly multiculturalist, by comparison with that in other countries such as France.

On one level liberalism and a liberal conception of citizenship appear to be compatible with multiculturalism. Policy dilemmas arise in relation to identity politics, because in the first place liberalism seems to imply tolerance or acceptance of differences, given that the liberal state is supposed to be ‘neutral’ or non-prescriptive between competing conceptions of the good life, as instantiated, for example, in particular religious traditions and ways of life; all are supposed to be equally valid or worthy. On the other hand, liberalism is committed to basic values of equality and the equal worth of all individuals, and difficulties arise when particular cultural traditions appear to deny this, for example, in relation to such issues as forced marriage (Phillips 1999; Miller 2000; Barry 2001).

A further ethnicity- and culture-related issue is that of migration and what it implies for citizenship. On the whole, the UK has pursued a progressively more restrictive policy towards immigration from the 1960s until recently, and policy from 1971 until recently distinguished between immigrants on the basis of ethnic background, between ‘Old’ and ‘New’ Commonwealth migrants, for example. On the other hand, formal citizenship has been relatively easy to acquire (Hansen, 2000). Policy has relaxed since 1997 in some respects, as a booming British economy and strong demand for labour has drawn in workers from abroad, but has become more confused. The issue of expansion in the numbers of economic migrants from eastern Europe in the wake of EU enlargement, and elsewhere, has become mixed up with that of the growth in the number of refugees and asylum-seekers in the late 1990s and early 2000s. Social citizenship rights for the latter have become more restricted.
The Greens

The green or ecological perspective is in some ways a more radical critique than the others, although it has had less to say in detail about welfare institutions, since its tendency is to question basic features of a capitalist economic and social order and that order’s conventional justification in terms of welfare maximisation (for detailed discussion of environmentalism, ‘green’ politics and social policy, see Chapter 21). The green perspective has drawn attention to the inadequacy of conventional definitions of welfare measured in terms of national income (GNP/GDP) and therefore of the complacent assumption that higher national income – economic growth – is equivalent to higher levels of ‘real’ welfare. The green perspective also, insofar as it involves assumptions about ‘limits to growth’, questions the supportability of a particular conception of capitalism and of a social and political order (the welfare state) based upon it (Pierson, 1998: Ch. 3, 89–92).

The green perspective has become more publicly salient in recent years, with the growth of concern about global warming and the long-term consequences of climate change and environmental degradation. These issues were highlighted by the Stern Report in 2006. Policy responses in the domestic sphere have been limited, and much energy has focused on trying to achieve international agreements relating to, for example, emission controls. These issues are discussed further in Chapter 21.

Critical perspectives: postmodernism

‘Postmodernism’ as an intellectual style or point of view has its origins in the realm of literary and cultural study. It has subsequently been extended to sociology, philosophy and history. Postmodernism is not a single unified viewpoint or analytical approach and there is no agreed view about who the significant or influential postmodernist ‘thinkers’ are supposed to be.

As a substantive point of view about modern society and culture (the ‘postmodern condition’), perhaps the most significant and distinctive contribution is its identification of the ending of the organising intellectual frameworks, all-embracing ‘world views’, major secular ideologies such as liberalism and socialism, ‘grand narratives’ bequeathed by three centuries of the European Enlightenment as the main characteristic of modern culture (Lyon, 1994). There are no longer generally accepted explanatory or narrative frameworks which account for and describe the social reality that we know. The perspective draws attention to the diversity, fragmentation and incoherence of modern life, to the chaotic variety and irreducibility of competing viewpoints, theories and intellectual perspectives that exist in modern societies, to cultural differentiation, plurality and diversity. This is not necessarily something to be deplored, however; it can be something to celebrate.

For social policy the challenge of this perspective lies in the possibility that the ideas that underpin the modern welfare state are such a played-out ‘grand narrative’. Postmodernist styles of thinking have influenced social policy analysis in a number of indirect ways, although the flurry of interest in the academic journals in the 1990s seems to have been short-lived (Taylor-Gooby, 1994; Penna and O’Brien, 1996; Carter, 1998). The continuing interest in ‘social construction’ and ‘social constructionist’ methodological and theoretical approaches in some recent writing and
some academic sociology and social policy degree programmes is an example (Saraga, 1998).

The politics and ideology of Thatcherism

The new Tory leader interrupted the seminar by reaching into her handbag and hauling out a copy of Hayek’s *The Constitution of Liberty*... she banged the book on the table and announced, ‘This is what we believe.’ (Jenkins, 1995: 1)

A Conservative Party led by Margaret Thatcher won, narrowly, the 1979 General Election, ushering in a period of 18 years of Conservative rule. Thatcher had succeeded to the Conservative Party leadership in 1975. The Conservatives had lost two elections in 1974, and under Thatcher the party began a process of policy rethinking. An important influence here was Sir Keith Joseph, in some respects Thatcher’s mentor. Thatcher and Joseph founded a Conservative think-tank, the Centre for Policy Studies, in 1975. This became a vehicle for promoting new ideas, or at any rate recycling old ones.

This was a period when ‘think-tanks’ became important in generating ideas for policy making. The left-inclined Fabian Society, perhaps the oldest think-tank, had been founded in the 1880s. The Institute of Economic Affairs (IEA) had been founded in the 1950s to promote free-market ideas. The founding of new think-tanks became a minor industry in the next few years, with the founding of, amongst others, the right-wing Adam Smith Institute, the centre-right Social Market Foundation, the centre-left Institute for Public Policy Research, and the left-inclined DEMOS (Cockett, 1994).

What was ‘Thatcherism’? In ideological terms it is convenient and conventional to label Mrs Thatcher’s politics as ‘anti-collectivist’ (George and Wilding, 1985) or ‘laissez-faire’ (Clarke et al., 1987), in other words, as a manifestation in practical politics and policy making of neo-liberal, free-market liberal or ‘New Right’ ideology. This involved an attack on, or ‘rolling back’ of, the role and functions of government and expansion of the role of markets and the private sector. This implied limiting the state’s responsibilities for welfare, cutting public spending and, where possible, privatising nationalised industries and other state-owned assets. Economic policy focused on the attempt to control inflation through monetary targeting – so-called ‘monetarism’. Controlling inflation took priority over reducing unemployment. Other components of this view included a relative indifference to equality and the outcomes, in terms of inequality, generated by the free market.

However, ‘New Right’ ideology was or is more complex than that and also included non- or even anti-market elements (Gamble, 1988: 54–60). Together with the free-market liberal component, which might be labelled a ‘libertarian’ tendency, there is also a traditionalist conservative tendency, which stresses traditional values of family, nation, authority and hierarchy. This tendency was associated with the conservatism of periodicals like the *Salisbury Review* and writers like the philosopher Roger Scruton (Scruton, 1980). Individuals of a ‘libertarian’ persuasion might be inclined to believe in and support ‘doing your own thing’ and might accept or welcome permissiveness in personal behaviour such as drug-taking and the culti-
vation of alternative lifestyles. This is the individualism of the free market applied to personal life. The traditionalist tendency, on the other hand, would place stress on the importance of the traditional family, would oppose its break-up through easier divorce, and in general would be opposed to the adoption of alternative lifestyles associated, for example, with sexuality. This tendency is to that extent anti-individualist and more ‘communitarian’, opposed to permissiveness and tolerance in personal relations.

Both tendencies could agree, however, on the need to limit the extent of state involvement in society and both would be accepting of inequality as either ‘natural’ and inevitable (conservative traditionalist, with its belief in natural hierarchy) or the unintentional outcome of free-market processes which generate wealth that eventually ‘trickles down’ to benefit the less well-off (free-market liberal or libertarian).

‘There is no such thing as society’

‘There is no such thing as society’, a remark made by Thatcher in a magazine interview (she went on to say that ‘there are individuals and their families’), has been taken to encapsulate a fundamental social philosophy underpinning her government’s policies (Willetts, 1992: 47–48). Thatcher obviously did not mean what she literally said. The remark is essentially about the boundaries of individual and social or government responsibility, and Thatcher was saying that individuals and families should do more, government less, a point of view certainly at odds with post-war ‘consensus’ thinking.

Stop and Think

When Mrs Thatcher said ‘There is no such thing as society’, was she simply debunking and dismissing a popular ‘social construction’, a myth or figment of the left-wing imagination, which there is no good reason to ‘believe in’ (after all, when we look around us, there are ‘only individuals’, aren’t there)?

The mainstream view is that Thatcher was a radical innovator who changed the character of British politics and social policy and ended the post-war consensus. On the other hand, there is a view which plays down the radicalism of Thatcher, emphasising either policy continuity or implementation failure (for example, the failure of the Thatcher government’s ‘monetarist’ economic policy). Connections and comparisons may be made between the Callaghan-led Labour government of the 1970s and what followed; it can be argued that the unravelling of the consensus began before 1979, with Labour’s public spending cuts after 1976, the adoption of a quasi-monetarist economic policy, acceptance of high unemployment levels, and Callaghan’s rejection of Keynesian demand-management at his party conference speech in 1976, among other things. On the other hand, it can be said that what Labour in the 1970s did reluctantly, Thatcher-led governments did enthusiastically and with conviction.

During the Conservative governments’ first two terms (1979–83, 1983–87) policy was dominated by economic issues, industrial relations and defence and
foreign affairs. Social policy change certainly featured in the first two terms, but largely as a dependent variable of public expenditure policy. In Thatcher’s third term, from 1987 onwards, public policy switched emphasis away from these to a concern with major welfare state spending programmes and their restructuring (for more on ‘restructuring’, see Chapter 4) (Glennerster et al., 1991; Le Grand and Bartlett, 1993). The Thatcher governments’ views were characterised by, as well as a desire to control public spending, hostility to the public sector’s alleged ‘waste’ and ‘inefficiency’, and a preference for market-type solutions (Seldon, 1994: 154–155). The term ‘new public management’ came to be applied to the broad reform agenda. Reform was applied to the NHS, education, housing and social care services. Policy was driven by a concern with efficiency and value for money (Le Grand and Bartlett, 1993).

The Central Policy Review Staff (CPRS), the government’s own Cabinet-level think-tank, had conducted a review of long-term expenditure options which appeared in 1982. The report’s proposals were radical, suggesting that, given likely assumptions about economic growth and the government’s priorities of reducing taxation and public expenditure, much of the welfare state would have to be dismantled and privatised. The government was obliged to disown the report. A Treasury Green Paper on spending options for the next 10 years was subsequently published in 1984. This was more moderate in its conclusions and suggested stabilising public spending in real terms as a share of national income, or alternatively, that it should grow more slowly than the economy. The full neo-liberal programme had thus been ruled out. This might be regarded as exemplifying the triumph of politics over ideology.

From Thatcher to Blair: the politics of New Labour

‘What counts is what works.’ This slogan is supposed to encapsulate New Labour politics and policy under the party’s leader from 1994 to 2007, Tony Blair. It implied a party and a government that is ideology-free: pragmatic and unconcerned with traditional Labour dogma. The ideology of New Labour is often dismissed as ‘social democracy-lite’, watered-down Thatcherism ‘with a human face’, or mere electoral opportunism. The party’s ideology since the mid-1990s has been labelled ‘Third Way’ (Hale et al., 2004; Lowe, 2005: 32–35). In fact, there has been little reference to the Third Way by Labour politicians in recent years, after an initial bout of enthusiasm following Labour’s election victory in 1997. Before examining Third Way doctrine, we will look at the evolution of Labour thought since the 1980s.

Discuss and Do

What is the ideological content, or orientation, of the expression ‘What counts is what works’? Does it, in your view, provide an accurate characterisation of ‘New’ Labour’s policies since 1997?
New Labour and ‘modernisation’

From the mid-1970s the Labour Party experienced a loss of ideological nerve; mainstream social democratic ideology was increasingly questioned and increasingly held to be irrelevant in the troubled times of that decade. The Wilson and Callaghan governments of the 1970s lurched from crisis to crisis, governed only by expediency rather than principles, so their critics claimed. The narrow election defeat of 1979 ushered in a period of left dominance in the party and the retreat of the right, ending in a second, disastrous, election defeat in 1983. The party began to move back to the ideological centre under the leadership of Neil Kinnock, from 1983 to 1992.

The pace of party ‘modernisation’ was stepped up after 1994 (Kavanagh, 1997: Ch. 10). One landmark in this process was the rewriting of Clause IV of the Labour Party constitution, forced through by the leadership. Clause IV was the clause, adopted in 1918, which committed the party to a socialist programme of nationalisation and public ownership. The revised clause dropped this commitment, replacing it with a more anodyne commitment to opportunity and equality. The change was marked by the party’s change of name from ‘Labour’ to ‘New Labour’ at this time.

The Commission on Social Justice

John Smith, briefly Labour leader from 1992 to 1994, set up a semi-official inquiry into the party’s values, principles and policies, the Commission on Social Justice, in the wake of the party’s fourth election defeat in 1992; this reported in 1994. The Commission’s report distinguished between three approaches to social and economic policy: those of what it called the ‘levellers’, ‘deregulators’ and ‘investors’. The first, ‘levellers’, approach, is that of the ‘Old Left’, who ignored the production of wealth and concentrated on its distribution; the second, the ‘deregulators’, is that of the neo-liberal right, who ignored issues of equality and promoted free markets and deregulation; finally, there are the ‘investors’, who strike a balance between wealth production and values such as community and equality. The rethinking that resulted endorsed this ‘investors’ perspective: recognition and acknowledgement of the importance of the market, the importance of successful economic performance as a prerequisite for social justice and the need to reward effort and enterprise (Commission on Social Justice, 1994: 19). The Commission’s report was critical of aspects of the ‘Old Labour’ welfare state.

The ‘Third Way’

The ‘Third Way’ is the term often used to refer to New Labour’s ideology. It has been presented as a ‘middle way’ between Old Labour-style statism and Thatcherite individualism, in which there is a role for both state and market. At the same time, it claims to be committed to basic Labourist values or ideology, but with a change in the means of implementing them. Various other currents of thought have fed into the New Labour project and in some ways New Labour ideology in the mid-1990s was a mish-mash of disparate elements, as the party leadership thrashed around
looking for the ‘big idea’ with which the party could connect with the electorate. On the one hand there was the Conservative, Thatcherite inheritance, which the Labour leadership did not wish entirely to repudiate. There were traditional Labour values such as equality. A variety of other concepts jostled for attention in books, articles and policy statements: ‘community’, ‘social capital’, ‘stakeholding’, ‘social cohesion’, ‘responsibility’.

‘Community’ was a value which New Labour seized on. Even Conservatives had become unhappy, by the 1990s, with certain aspects of the Thatcherite legacy in social philosophy. A critique of Thatcherite individualism had been articulated by the ex-liberal, ex-Conservative thinker, John Gray, in a debate with the Conservative politician David Willetts; he remarked that the ‘Maoism of the Right … the paleo-liberal celebration of consumer choice and market freedom as the only undisputed values has become a recipe for anomie, social breakdown and ultimately economic failure’ (Gray, 1994; Willetts, 1994).

The label ‘communitarian’ became loosely applied to an intellectual group or movement in the 1990s. The idea of community was explored on the one hand by social scientists like Etzioni (Etzioni, 1994) and on the other hand, more abstractly, by a group of North American philosophers (Mulhall and Swift, 1996).

Communitarianism of either variety is a critique of liberalism and individualism. Sociologists like Etzioni were concerned about the apparent decline in communal life and in the family, a growth in immoral or illegal behaviour, rising crime rates, and family breakdown and dysfunction. They discovered a supposed ‘parenting deficit’ in society. For these they blamed the excessive growth of a ‘rights’ culture, and were critical of the individualism and selfishness of markets, competition, acquisition and consumption. On the other hand, theorists like Etzioni claimed to distinguish themselves from conservative ‘moral majority’ politics of the American variety, a claim that was received sceptically by many on the left.

As well as the idea of community, that of ‘responsibility’ figures strongly in New Labour thinking. The state has the social responsibility of preventing social exclusion and the creation of an underclass, and the promotion of work, wealth and opportunity. In return, the state is entitled to ask and expect reciprocal responsibility from citizens. People should work if opportunities are available; parents have caring and educational responsibilities to their children, and people should be ‘good neighbours’ (Wright, 1997: 78). These ideas are encapsulated in Blair’s comment in 1993 when shadow Home Secretary that a Labour government would be ‘Tough on crime, tough on the causes of crime’ (Blair, 1993).

Stop and Think

Should responsibilities go with rights to welfare, or should rights be ‘unconditional’?

The most coherent attempt to pull together the concept of the ‘Third Way’ was probably that elaborated by the sociologist Anthony Giddens, allegedly Tony Blair’s favourite ‘guru’. Giddens was concerned with recreating a viable social democratic politics in an era in which the left was on the defensive, the communist model had collapsed after 1989 in eastern Europe, right-wing parties were in the ascendant in many countries, and economic life had become more globalised. Giddens offered an
account of the broad sociological changes which underpinned these developments. The message was not dissimilar to that of the Commission on Social Justice.

Giddens’ views about social policy involve, among other things, a reformulation of the goal of equality in terms of ‘exclusion’ and ‘inclusion’. These two concepts relate to both the top and the bottom of society, to the poor and the rich. Inclusion as a value requires not only employment strategies but also universal social services (Giddens, 1998: 102–111). He accepts some aspects of the neo-liberal critique of the welfare state, which must be remodelled to some extent to be compatible with wealth creation and an economically more globalised world. This requires a greater focus on work-friendly strategies of ‘social investment’ (a term recalling the Commission on Social Justice’s ‘Investors’ Britain’) or investment in ‘human capital’ – education and training (Giddens, 1998: 111–128).

New Labour and equality: social ‘inclusion’ and ‘exclusion’

New Labour has been concerned about equality, although not necessarily in the sense of trying to limit the overall degree of socio-economic or income inequality. The government has concentrated its efforts on improving the position of the poor relative to the average (Diamond and Giddens, 2005: 103). Labour has also pursued equality in the sense of equality of opportunity and equality of status or citizenship. There has been, since 1997, the vigorous pursuit of equality agendas in relation to gender, race, disability, sexuality and age.

New Labour policy language has made heavy use of the terms ‘inclusion’ and ‘exclusion’. An advantage of these terms is that they have a clear relationship to other widely employed concepts and values in social science and social policy. ‘Inclusion’ has a broader and a narrower connotation, which are related, the former being close to such concepts as ‘citizenship’ and ‘community’ as aims and goals of the welfare state, and the latter implicit in the concern in poverty research and policy, with poverty as relative deprivation.

A disadvantage of a focus on inclusion and exclusion might be that it disguises a retreat from traditional and more radical goals and values, and it has been condemned on these grounds by the left (Levitas, 2005). On the other hand, however, ‘inclusion’ might just be a less contentious way of referring to the same values and goals. An inclusivist social and political programme will arguably be egalitarian in some sense and to some degree (Dahrendorf 1998: 6; Diamond and Giddens, 2005: 110–111).

It is a mistake to assume that New Labour’s inclusion strategy has been concerned only with work as a route to inclusion. The prevailing mood is intolerant of status inequality, at least, and this is reflected in New Labour’s policies affecting, for example, race, disability, sexuality and age (Giddens, 2000: 91). ‘Taken in this broader sense, this is a time of greater egalitarianism, not less’ (Phillips, 1999: 131). The larger question, whether social cohesiveness and common citizenship can survive a state of affairs in which incomes become more unequal and the top few percent of the income distribution – the rich – continue to pull away from the rest, remains unanswered. This is the question of ‘social exclusion at the top’ identified by Giddens (Giddens, 2000: 116–120).
From Blairism to Brownism?

Gordon Brown succeeded Tony Blair as Labour leader and Prime Minister in June 2007. It would be wrong to see substantial differences between the two. Brown was as much involved as Blair in New Labour’s ‘modernising’ project and has as much responsibility for it. It is probably fair to say that Brown is more statist, less market- and choice-oriented, than Blair and seems to be more sympathetic to traditional models of public service delivery such as that of the pre-1979 NHS (Brown, 2003). Resemblances and differences between Brown and Blair in their attitudes to values like ‘community’ and ‘responsibility’ have been noted by some observers, Brown appearing to be somewhat more traditionally Labourist (Goes 2004: 115–116).

Stop and Think

What is the ‘new’ in ‘New’ Labour?

Conclusion

This chapter has tried to provide a short overview of the ideas that have in various ways underpinned, or challenged, welfare policy in the UK, from the free-market classical liberalism of the early and mid-nineteenth century to the varieties of social democratic thinking which have influenced British social policy since the mid-twentieth century. Much of the chapter has focused on the period since the 1970s and the shifts in thinking that have taken place since then. The first 30 years after the Second World War, the period of so-called ‘consensus’, has given way to a period of ideological fractiousness and contestation. The chapter has tried to indicate how policy has changed in response to changes in ideas, but also to suggest the limits of explanations presented in such terms.

In this chapter, you have been

• provided with an insight into the role of ideas and ideologies in shaping social policies;
• introduced to the diversity of ideas, from right and left of the political spectrum, which have influenced welfare in Britain;
• introduced to the concept of the post-war ‘consensus’ which underlay social policy, and the limitation of the concept of ‘consensus’;
• given an insight into contemporary developments in thinking about welfare.

Annotated further reading

