

BOOK REVIEW

Patrick Ainley reviews Dexter Whitfield's (2006) hard-hitting book '**New Labour's Attack on Public Services**'.

Markets in public services are rarely created in a single 'Big Bang'. Instead, Dexter Whitfield argues they are stimulated by 'numerous policies and initiatives in parallel with the erosion of public services'. As a result, 'Marketisation develops in different ways at different speeds in different services'. For a book aiming 'to show how the language and ideology of modernisation and the modernisers use marketisation to achieve endemic privatisation' the problem is how best to present this multi-faceted process.

Dexter, who has long worked at the Trade Union supported Centre for Public Services (now Northumbria University's European Services Strategy Unit), previously collected together examples of the privatisation process in his compendious *Public Services or Corporate Welfare, Rethinking the Nation State in the Global Economy* (Pluto 2001). This was an unreadable 'Gulag Archipelago' of a book that provided invaluable reference to the same process in different areas of the welfare state - housing, education, health, transport etc -to develop a theory of what Dexter calls 'the emerging Corporate-Welfare Complex'. He thus supports the growing consensus that sees a 'post-welfare' or 'new market-state' managing a new mixed economy with a semi-privatised state sector dominated by a state-subsidised private sector.

Indeed, in a chapter in that book titled 'The nation state in 2020' Dexter painted a vivid picture of a future in which transnational corporations provide 'cradle to grave' health, education, social

care and local environmental services with ‘Two-tier provision for all basic services’. With ‘a myriad of tax reliefs, allowances, subsidies, vouchers and grants’, ‘Choice is determined by ability to pay: ‘Local government is reduced to a skeleton regulatory and monitoring agency’ and ‘Cities are run by elected mayors and committees of business people.’ They assign staff to groups of contracts, not to particular sectors like health or education. Meanwhile, national government is ‘limited to coordinating sponsorship and patronage by business and organizing competitions and lotteries’.

Now Dexter updates his previous research to develop a theoretical framework to understand better the marketisation of public services and identify the role of the state in creating and sustaining markets. This results in a typology of privatization and marketisation that explains the different ways in which public services and the welfare state are being transformed by New Labour government. He examines the nature of markets in the public sector and makes the case for in-house provision of services to highlight alternatives and strategies that can stop, slow down and mitigate the negative consequences of marketisation.

As such, the book provides essential theoretical ammunition for defending public services. For a start, it defines ‘neoliberalism as a conservative economic philosophy revived in the late 1970s following the crisis in Keynesian economics’.

Neoliberalism is then dissected into eight components: liberalization and competition, markets, deregulation of financial markets, reconfiguring the role of the state, privatization, consumerism, labour market flexibility and deregulation and increasing the power of business, coupled with the erosion of democratic accountability and transparency.’

Each of these components is demonstrated in examples across the public sector to show how ‘marketisation embeds neoliberalism’ and ‘drives the privatisation agenda’. Key events in marketisation and privatization since Mrs. Thatcher in 1979 are next presented.

Although she took a ‘Big Bang’ approach to the privatization of the nationalized industries, with the . . . exception of John Major’s disastrous privatization of British Rail in 1996, the pace of change has quickened since 1997 under New Labour which operates simultaneously on many fronts, each feeding from and strengthening one another. I ‘New Labour dresses up choice as empowerment. But the real power in marketisation is gained by transnational companies and consultancies which provide services and, slowly but surely, take-over the ownership of public sector assets: The Private Finance Initiative, for instance, having become embedded in the public sector, has spawned a secondary market for speculating ‘in the public money involved, selling it on to other companies while developing derivative specialisms in the NHS Local Improvement Finance Trust and Building Schools for the Future (BSF). But ‘PFI has never been simply an alternative method of financing infrastructure investment’; it is part of ‘a longer term strategy by which the private sector will ultimately own/control the welfare state and provide privatized core services’.

Schools, especially City Academies, figure largely in Dexter’s account. BSF, for instance, ‘is not just about the provision of new schools’. It illustrates Dexter’s ‘five-stage marketisation process’ – commodifying services, labour and restructuring the state to weaken democratic accountability while embedding business interests. Apart from extending opportunities for educated; malconsultants to be part of PFI consortia for the first

time, it also drives Leas into a commissioning role ‘which is the government’s longer-term strategy’.

Elsewhere Dexter draws a diagram to show how teachers have been ‘corralled’ by academies, school trusts, BSF, the outsourcing of services like school meals, the childcare market, private supply agencies, commercialization of materials’ with sponsorship of events and the privately controlled Local Educational Partnerships. As a result, ‘Secondary and primary education may remain largely state funded for the foreseeable future, but they will be delivered mainly by private contractors.

Although he concentrates on Britain, ‘which is in the vanguard of the marketisation of public services’, Dexter draws lessons for the Europe Union which wants to liberalise the cross border supply of services to create a single market removing all barriers making it less profitable for a service provider to operate in one country compared to another. This complements the World Trade Organisation’s General Agreement on Trade in Services to which Dexter counterpoises ‘GATS free- zones’. He adds that campaigning organizations such as the World Development Movement, Oxfam and War on Want should link their opposition to GATS to oppose Britain’s internal marketisation and privatization programme.

Indeed, campaigns across sectors have to be united conceptually and practically to build a national coalition of trade unions, public sector alliances, community and civil society organizations through regional and national action starting from cities such as Newcastle where there have been some successes to forge a wider network. Dexter’s new book helps to inform this joined-up opposition to joined-up privatisation.