

# Review: recent publications on the commodification of public services

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## **Books reviewed<sup>1</sup>**

**Christoph Hermann and Jorg Flecker** (editors) (2012) *Privatization of Public Services: Impacts for Employment, Working Conditions, and Service Quality in Europe*, Routledge. ISBN: 978-0-415-88493-8, hardcover, 214 pages.

**Dexter Whitfield** (2012) *In Place of Austerity: Reconstructing the Economy, State and Public Services*, Spokesman Books. ISBN: 978 085124 7939, paperback, 264 pages.

**Colin Leys and Stewart Player** (2011) *The Plot Against the NHS*, Merlin Press. ISBN: -978-0-85036-679-2. Paperback, 179 pages.

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I vividly recall the night of May 3<sup>rd</sup> 1979 when Margaret Thatcher led her Conservatives into government. Several of us were gathered around a radio listening to the results come in. We were not even British but rather Canadian socialists working in our own national election campaign. We knew then that history would change but we had no idea to what depth. Thatcher's death in April 2013 was a clear illustration of the politics of memory. On the one hand we witnessed expressions of gratitude for making Britain 'great' again and on the other a tremendous outpouring of rage for lives that were destroyed by her convictions. The evidence of Thatcher's enduring legacy (and those of her fellow travellers around the globe) is captured in these three books. Taken together they present a unified insight into the actually existing impact not only of the second wave of neoliberal restructuring launched in the aftermath of the 2007-08 global financial crisis but also of the neoliberal project launched in the 1970s. While all three focus upon European and UK cases, the resurgence of neoliberalism after a brief period of emergency Keynesianism in North America shares in variations of the themes expressed here. If a reminder is needed that no revival of the social democratic golden age is imminent, these volumes amply demonstrate that we continue to live in exceedingly dangerous times.

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<sup>1</sup> Volume 2 number 2 of *Work Organisation, Labour and Globalisation*, entitled *The new gold rush: the new multinationals and the commodification of public services*, focused on topics addressed in this review article. The contents can be accessed online at <http://analytica.metapress.com/content/y865j96154438251/>.

With *Privatization of Public Services*, editors Christoph Hermann and Jorg Flecker have produced an invaluable, empirically rich contribution which challenges neoliberal orthodoxy. That orthodoxy claims privatisation, liberalisation and marketisation of public services lead to lower costs and superior quality. The contributions to this volume, consisting of twelve chapters, say otherwise. The research was conducted between 2006 and 2009 with the objective of establishing empirically the impact of public sector privatisation and liberalisation on employment, service quality and productivity. The case studies presented in this volume, twenty-three in total, cover four public service sectors – electricity, postal services, local public transport and hospitals – in six countries: Austria, Belgium, Germany, Poland, Sweden and the United Kingdom.

The conclusions of this research rather unequivocally demonstrate that the benefits neoliberal proponents suggest ought to accrue from marketisation, privatisation and liberalisation have failed to materialise. For example, with respect to liberalisation, prices often rise for individual consumers rather than dropping, access to services often decreases as offices are closed, and, rather than greater competition emerging, the end result has often been greater concentration of market share. Turning to employment, the prevailing orthodoxy contends that employment losses will be offset as a result of market growth and new firms entering the sector. The findings presented here again suggest otherwise. The sector-level employment data point to significant job losses in some sectors but also a deterioration in the quality of employment as work is casualised through the increased use of part-time contracts as well as the intensification of work. Developments in collective bargaining between unions and employers have increasingly become unable to address these issues, in part due to a trend away from sector-level bargaining and toward company-level bargaining. One of the more equivocal dimensions of the study is that concerned with service quality. Some aspects of service quality have improved as a result of the application of new technologies. But the deterioration in employment and working conditions has also negatively affected service provision. For example, customers experience greater delays in service provision in the electricity, public transport and postal services sectors as a result of staffing short-falls.

The recent release of Ken Loach's documentary film, *The Spirit of 45*, and the publication of *The Plot Against the NHS* by Colin Leys and Stewart Player stand as bookends to the history of the British welfare state. Loach celebrates the post-war moment in British history when a grand vision of a better, more equal society prevailed as orthodoxy. The National Health Service (NHS) was a critical pillar in this project, offering comprehensive health care to all. In contrast, Leys and Player present a detailed contemporary history of efforts to dismantle the NHS and expand the role of private health care provision. What is ironic is that this process began under a Labour government – that of Tony Blair.

In the summer of 2000, private health care providers, at that point a modest proportion of the British health care system, were negotiating a 'concordat' with the Blair government to enable a significantly greater role for private provision. The objective was, in the words of the leading business-side negotiator, to reposition the NHS to be no more than a 'kitemark attached to the institutions and activities of a system of purely private providers' (page 1). A decade later, 149 private health care

entities were operating under the NHS logo. In January of 2011, to complete what had been initiated a decade earlier, the *Health and Social Care Act* was passed by the UK Parliament and established the legislative foundations to achieve the ultimate objective of a NHS shell filled with private providers.

This 'plot', Leys and Player point out, was the means and process which allowed this outcome to be so successful. As public opinion was solidly against privatisation, arriving at the goal of a market in health services would require stealth. This included minimising public scrutiny and, where that could not be accomplished, obfuscation. The catchwords marking the incremental remaking of the NHS included tried and true (perhaps more accurately designated hackneyed) phrases including 'modernisation', 'to engage more constructively with the private sector', the removal of 'ideological boundaries' and more. Each of these in turn served as a kitemark for a series of incremental reforms, each establishing the foundations for the next step in the unraveling of Britain's greatest social achievement. Every phase in the process entailed backroom lobbying with and through Department of Health insiders as well as a much broader network of corporate executives, management consultants, ministers' policy advisors, free market academics, entrepreneurial medical professionals, and a parliamentary Health Committee filled with pliant MPs. The critical mass provided by the reliable NHS budget attracted the interest of health-care multinationals eager to profit from the creation of a large and guaranteed market. Indeed, several ministers and high ranking public servants left state employment to pursue much more lucrative careers in the expanding world of private health care.

The third volume reviewed here, Dexter Whitfield's *In Place of Austerity*, illuminates a route away from austerity and the associated policies scrutinised in the previous two volumes covered here. Specifically, it is a response to the British regime of austerity which has emerged through the financial crisis of 2007-8.

The first part of this book, 'Deconstructing Democracy', is concerned with responses to the financial crisis involving marketisation and privatisation. The three chapters that make up Part 1 provide an analysis of the essential purposes of marketisation and privatisation. Four of these are identified. The first is to provide new opportunities for accumulation. The second is to provide a mechanism for capital to secure more control over the economy by shrinking the role of the state, and consequently change the political culture by reducing expectations of what the welfare state can achieve. The third is to transfer risk, cost and responsibility to individuals. And the fourth is to safeguard corporate welfare, including preferential taxes, modest regulation, and subsidies for businesses. The policies driving these objectives are clearly exposed by Whitfield as constituting a deconstruction of democracy.

Part 2 consists of four chapters presenting an alternative programme to austerity through three reconstruction strategies to rehabilitate the economy, state, and public services. The purpose of these strategies is to 'strengthen the organisation, capacity and resources of community, civil society and trade union organisations in opposing neoliberalism' (page 64). While each of these is dealt with in some detail, seven guiding principles underlie each reconstruction strategy: democratisation; social justice; public investment; in-house provision; environmental sustainability; universal provision;

and high quality employment (page 67). The fourth chapter presents organisation and action strategies for resistance to neoliberalism.

Part 3 presents the case for alternative strategies by providing a sustained critique of privatisation and marketisation in education, health care, childcare, and care for the elderly. In addition to these various social programmes, Whitfield examines profiteering from public infrastructure development as a consequence of the use of public-private partnership arrangements. An additional instrument in the neoliberal arsenal is the UK Liberal-Conservative Coalition government's 'Big Society' strategy. Here, the resources of volunteerism and social enterprise are engaged by the state to fill the gap left by the erosion of public provision through a process of competitive contracting. In effect, this results in the creation of a market for social provision where social enterprises compete with one another for service delivery contracts.

Each volume here, in its unique manner, makes an utterly compelling case that neoliberalism is not working, even measured against its own claims of improving efficiency and lowering costs, and has at best a neutral effect upon employment. Still, what ought to be as unsettling as the methodical dismantling of the post-war social democratic compromise is the dismantling of democracy that derives directly from this process. As erstwhile public providers are privatised, accountability shifts away from the public and the public's elected representatives and instead moves towards owners and shareholders. The democratic state's capacity to direct and manage in the broader public interest is disassembled with every privatisation and every outsourced contract, replaced by the logic of the market.

A reading of all three of these contributions suggest, as Leys and Player say, that a 'plot' has indeed been successfully implemented, over more than three decades, to create a rupture with the post-war labour-capital accord. A new accord is now firmly in place: an accord dedicated to ensuring that never again will the spirit of capital be impeded by workers, by the state or by policies for social justice. Each of these volumes concludes with an invitation to organise and relaunch our own project for democracy and an economy organised around human need.

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