# The Managerial State

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*Power, Politics and Ideology in
the Remaking of Social Welfare*

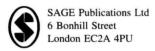John Clarke and Janet Newman

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# Preface

We begin in a rather conventional way by saying who we are, because where we come from has shaped the evolution of this book in important ways. Our current roles, one working in social policy, the other in public policy and management, imply different starting points for analysing the changes that have occurred at the intersection of management and the welfare state. But such differences matter less than what we have in common. We are both products of the 'old way of life' – we were children of the welfare state who learned and practised our trades within it. We have occupied the roles with which the arguments of this book are concerned: we have been workers in public service organisations and professionals in the 'professional bureaucracies' of local government and education. We have been both managers and managed within them. More recently, we have worked individually and together with groups of staff in a range of public service settings. These pressures have engaged us – and them – in the problems of making sense of what has happened.

We have arrived at this book through a number of academic routes – including the study of social policy, sociology, feminist analysis, public policy and management. Despite our different trajectories through these perspectives, we share a common experience of being formed by cultural studies. This has left us with an awareness of the social and political importance of symbols, language and meaning and the ways in which they are struggled over and contested. More than anything else, this concern informs the way we have approached the remaking of the welfare state in this book. This intellectual starting point is also one that seems appropriate to the task in more mundane ways. What is most striking about the processes of change around and in the welfare state is the pervasive importance – and elusiveness – of the language used to describe, explain and justify them. People talk about 'cultural' change or the impact of the 'contract culture'. They feel 'lost for words' or are baffled by 'empty rhetoric'. The exemplary moment for our concern with language came when some middle level social services managers explained that – in their area at least – there was no 'unmet need'. Their director had informed them that there was now only 'unmet demand'. Our intention in writing this book has been to make these issues more than merely words – to treat words, languages and cultures as central and active parts of the struggles to remake the welfare state.

In writing this book, we have incurred a variety of debts. Most of all we want to thank those working in the field of public services for trying to

explain to us the pain and pleasure of working in a 'world turned upside down' and for discussing our attempts to interpret it. This debt has been accumulating through a whole range of organisational visits, interviews, courses, programmes and workshops over the past few years. Particular thanks are due to the students on the Public Services MBA at the University of Birmingham. At the same time, our friends and colleagues have supported our obsessions, informed our thinking and argued with us when they saw fit. We have certainly benefited from the process and we hope that they will think that this book has, too. In particular, we would like to thank Allan Cochrane, Eugene McLaughlin, Gail Lewis, Gordon Hughes, Paul du Gay, Maureen Mackintosh, Fiona Williams, Vivien Lowndes, John Stewart and the late Kieron Walsh for their capacity to keep these conversations going.

We must also express our thanks to Stephen Barr at Sage for thinking that this book was a worthwhile investment and for remaining patient during the delays when, for one reason or another, we were being patients – or health care consumers.

# Introduction

Why 'the managerial state'? This term registers the fact that the state has been the focus of change during the past two decades. From attempts to control public spending, through Civil Service reforms, to the creation of new delivery systems for welfare services, the state has been at the centre of attention. For those working in public services, the experience has been one of 'permanent revolution'. At times, it has seemed that not a week has gone by without another reform, a new White Paper, a further initiative. There has always been a next step to be taken. The depth and breadth of change has led to a proliferation of terms intended to capture and explain these processes: globalisation, post-Fordism, modernisation, the post-bureaucratic organisation, the 'new' public management, the mixed economy of welfare, plus a whole host of terms identifying change in the nature of the state itself: the contract state, the hollow state, the enabling state, the surveillance state, the evaluative state, the minimal state, the skeleton state, the strong state and more.

We talk about the *managerial* state because we want to locate managerialism as a cultural formation and a distinctive set of ideologies and practices which form one of the underpinnings of an emergent political settlement. The book sets out to explore the impact of managerialism on key sets of relationships: those between state and citizen, between public and private, between the providers and recipients of social welfare, and between 'management' and 'politics'. These changing relationships are mediated through a range of structural and institutional realignments: the introduction of markets, the rise of contracting, the changing balance of power between central government and local and regional agencies of governance and so on. But the ideologies and institutions of managerialism provide a coherent field that underpins and legitimates these shifts. Managerialism, we argue, is shaping the remaking of the British state – its institutions and practices as well as its culture and ideology.

Our analysis concentrates on the changes in the *British* welfare state. The emergence of a 'new public management' is often portrayed as a global phenomenon – a core element in a process of convergence between states, overriding distinct political and cultural characteristics. We think that the nature of change in specific nations cannot be understood simply in terms of global forces and trans-national economic retrenchment. Nor can it merely be read as the local effect of a global set of ideas about how to run public organisations (Flynn and Strehl, 1996). The effects of world recession were

particularly sharply felt in Britain because of the relative structural weakness of the British economy. The succession of New Right influenced governments which dominated British politics from the end of the 1970s were central to the process of rethinking the role of the state. But as Mishra and others have pointed out, the consequences of these conditions of crisis were not inevitable. Countries pursued different solutions to economic crises, ranging from maintenance to retrenchment of welfare provision (Mishra, 1990). These solutions – and even the definition of what the problem was – depended on specific national circumstances, and the policies, ideologies and politics of particular national governments. As a result, our efforts here are directed at understanding the peculiarities of the British welfare state.

## Engaging with the managerial state

Much of the impetus to write this book has come from our work with people in public service organisations. We have been struck by the contradictory nature of their experience of change. They have talked about the difficulties of constantly being asked to make efficiency savings, the problems of responding to a 'can do' climate of policy making and of working in a context of low and declining trust between public, politicians and managers. Those working in public services are having to manage not just budgets and people in the pursuit of greater efficiency, but the tensions and dilemmas of rapid and unpredictable change. The results are frequently high levels of stress and overload which tend to spill over into 'personal' life. At the same time, however, these managers have engaged with the challenge of building more responsive, flexible and user oriented public services. Many have welcomed the opportunities for innovation, or come to enjoy the challenge of competition. Some have sought to modernise what they see as outdated organisations and institutions in the pursuit of a new sense of public purpose. Others have been more cautious, expressing concern about the impact of change on users and communities and doubtful about the future of 'public service' values in a culture which they see as dominated by the values of the business world. Despite the diversity of individual responses, common issues and agendas have emerged around the need to develop solutions to a number of core dilemmas: doing more for less in pursuit of the holy grail of efficiency; trying to be 'strategic' while juggling an ever increasing number of injunctions and restrictions from central government; managing the problems arising from overlapping, fast changing and often contradictory policy agendas; and struggling to balance all this with living a life beyond the workplace.

These experiences tell us that the nature of change has not been smooth and linear, but has been uneven and contested. The diversity of responses and the downright messiness of change suggests that social actors are not shaped unambiguously by large scale trends or forces. It is possible to *over-read* the logic of change, seeing forces such as globalisation, institutional

fragmentation, the adoption of business ideas and practices in public service delivery, as cascading down from the global level of new economic pressures to the world of individual experience and action in a way which suggests simple and linear sequences of cause and effect.

In writing this book, we have tried to distinguish between different levels of analysis in tracing the impact of managerialism on state restructuring. In the early chapters (1–3) we deal with the social, political and ideological conditions of the 'crisis of the welfare state' and the attempts to resolve it through restructuring and reform. Chapter 1 deals with the changing social formations and political conjunctions which constituted the conditions of crisis. Chapter 2 explores the reconfiguration of state power and the redrawing of the boundaries between the public and the private in the process of reconstruction. Chapter 3 identifies a conjunction between New Right and managerial ideologies in producing and embedding the process of 'transformational' change.

In later chapters we consider the changing nature of organisational regimes and some of the micro-politics through which managerialism has been enacted. Chapter 4 identifies managerialism as a distinct 'regime of power' through which internal and external organisational relationships are ordered. Chapter 5 looks at the contradictory and uneven ways in which this regime is experienced, drawing on institutional theory to explore the ways in which social actors create and adapt a range of different forms of managerialism. Chapter 6 explores managerialism as a site of 'micro-politics' which are played out in struggles around consumerism. Chapter 7 then moves back to the broader political arena and explores the contemporary struggles to address some of the deficits of managerialism through attempts to reinstall wider notions of the public, expressed through the concepts of a new public management, stakeholding and communitarianism. The final chapter reviews the 'story so far', assessing whether the processes of restructuring have produced new settlements that resolve the crisis of the welfare state.

However this is not a simple matter of moving from one level of analysis to another in a direct sequence of either topics or theoretical approaches. It is clearly tempting to identify an economic level (the global changes of a world capitalist system), a political level of analysis (the strategies of specific nation states and governments) and an organisational level (the institutions and practices of management), with analysis of their impact on users or the wider society as the output of these processes. Such a structure is attractive, but it compartmentalises analysis in a peculiar way (that's the 'economic', now for the 'political', then the 'organisational') and at least implies a rather linear sequence of determinations down this series of levels. The process of this book is rather different. It loops back on itself because of an insistence on the interconnectedness of different levels of analysis. As a result, many topics (such as markets) or themes (for example social diversity) recur in different chapters. We want to stress this interconnectedness because at each level there are specific forms of theory that we draw on to build our overall

analysis. Each level of theory, on its own, tends to bracket off other levels. Studies of economic, social and political change do not deliver the means of understanding the specific ways in which their effects are played out in particular organisational sites. Institutional theories explore the ways in which rules, norms and conventions are shaped in the interplay of external imperatives and the actions of individuals and groups, but do not offer ways of adequately theorising the broader cultural and political processes which inform this. Our argument in this book works *through* these and other approaches in trying to develop an understanding of the managerial state which goes beyond them.

This insistence on working with and through theories is the source of some problems. Writing about theory in the late 1990s has become difficult for two important reasons. The first is that it is somewhat unfashionable to do so. As we shall suggest later in the book, moving forward has become more important than understanding where you have been, and practical action more important than reflection and analysis. Managerialism itself provides a substantial part of this momentum, being oriented towards means rather than ends, and towards action rather than reflection. The 'can do' culture of management has a strong preference for practical prescriptions over mere academic analysis. Despite that, we are committed to the necessity of theorising the changes to which the state and those working in the provision of services to the public have been subjected – and especially the place of management itself in those processes.

The second difficulty lies in the fragmentation of theory itself as the 'grand theories' of Marxism and other perspectives have been challenged. Disciplines have come to follow their own trajectories of theoretical development in what often appears to be a fairly insular fashion. This means that attempts to pursue analysis across disciplines, as we wish to do here, is less than easy. We have attempted not to fall into the pit of eclecticism, but want to respond to the challenge of revaluing the importance of theory against the prevailing climate of pragmatic realism. We believe that it is impossible to deal with questions about the future of relationships between citizen and state, public and private, from within the paradigms offered by single disciplines, whether the discipline be economics, politics, or (especially) public management itself. Indeed, we are not sure that *a* theory in the singular finished sense exists (or even should exist) that could account for the phenomenon. Nevertheless, we have tried to produce something more than an *ad hoc* collection of insights culled from different perspectives. The argument of this book has taken shape around a set of core ideas and concerns.

## Language, ideology and discourse

This has emerged as an important theme not because we think this is all there is – the changes we are concerned with are lived and felt in a very material way – but because many of the struggles we are concerned with are

conducted through these symbolic forms. For example, the shifts in language around and between notions of 'customers', 'citizens' and 'communities' that we consider in Chapters 6 and 7 signify different sets of roles, expectations and relationships. But language can be appropriated by different groups for different sets of purposes: it forms a distinct terrain of political contestation. This terrain is of critical importance because of its place in the struggle for legitimacy. The success of any change project, whether initiated by government legislation or by organisational managers, depends on the success of its claims for legitimacy and its ability to win the 'hearts and minds' of those on whom it impacts.

*Power*

We see power as the 'absent presence' of many of the existing analyses of change. Where it occurs, it tends to focus on analyses of the 'coercive power' of legislation, the increasing centralisation of power in the hands of central government, or the shift of power to non-elected bodies (quangos). We think that power is both more important and more complex than these formulations suggest. Power is, firstly, always contested. This means that the analysis of how power is mobilised by different groups and interests as alliances are shaped or dismantled forms an important part of our analysis. Secondly, power occurs in many forms, existing not only in the coercive power of particular groups, but also underpinning the ways in which decisions are framed through the logics and legitimating frameworks of different forms of knowledge. Our use of discourse theory at various points of the book suggests the ways in which power may be 'constitutive' as well as coercive. Thirdly, we see power as 'relational', and explore the dynamics of how power is distributed in the context of the dispersal of state power to a range of bodies and agencies. In particular we are concerned with the consequences of this dispersal for the shifting balances of power between state and citizen, between organisations and their users, and between 'old' professionals and administrators and 'new' managerial roles and identities.

*Diversity*

We use the concept of diversity in two different ways. The first is used to suggest that, although we are talking about what seems to be a very general concept – the 'managerial state' – it is experienced in practice in a diversity of forms. We have tried to highlight the variations, tensions and contradictions within it. Many of these are as yet unresolved, and one of the questions to which we shall return in the final chapter is how far we can talk of the emergence of new settlements in place of the old political, social and organisational certainties which provided the underpinnings of the post-war welfare state.

The second sense in which we use the term diversity is in the sense of social differentiation. Analyses of state and public sector change are rife with undifferentiated concepts such as 'citizens', 'customers', 'users', 'the

public', 'communities', and more recently 'stakeholders'. We think that these terms mask important forms of differentiation around 'race', gender, class and other social formations. We argue that the crisis of the welfare state was based partly on the dismantling of the *social* settlement on which it was founded, and explore tensions in contemporary attempts to 'reinvent' the public in new settlements between state and civil society.

### Theorising change

The concept of change lies at the heart of this book, but talking about change raises a number of difficulties. What struck us in reading and talking to people was that the very pervasiveness of the word is itself a problem – it is used to mean everything, and so in the end means very little. If everything is changing, how do you get a grip on understanding any particular change? How can you assess the relationship between 'macro' and 'micro' forces? Does the pervasiveness of the language of change itself have an ideological effect in establishing its own necessity? Our fascination with these questions resulted in us devoting a whole chapter (Chapter 3) to exploring the discourse of change itself. Rather than attempting to describe what has happened in terms of a series of changes, our analysis is based on a concern with the specific features of particular historical *conjunctures* (see also Hall, 1996a). We are not convinced by images of change presented in terms of 'from–to' dualisms (such as from Fordist to post-Fordist, or from hierarchies to markets). Rather, we treat change in terms of attempts to resolve the ambiguities and the contradictions of political agency. Antonio Gramsci once suggested that 'the life of the state is conceived of as a continuous process of formation and superceding of unstable equilibria' (1971: 182). The book explores the attempts to create a new 'equilibrium' that supercedes the old social democratic settlements and traces some of its instabilities.

These commitments guide our analysis, and motivate the way in which we negotiate other theories and perspectives. We draw on their 'good sense' where they add to or illuminate these issues, but also attempt to move beyond their limitations. Our approach may, of course, be a source of frustration to readers: the analysis we present may disappoint those in search of a Theory, and our appropriation of certain perspectives (discourse theory for example) may annoy those who believe in theoretical purity. But our primary concern is not to produce or exemplify a specific unified theoretical statement; it is to engage with the pressing problems of understanding the conditions and consequences of radical transformations in the form of the state.

# Contents

# 1

# From the Cradle to the Grave: the Crises of the Post-War Welfare Settlements

The remaking of the state has been a continuing strand in British politics for the past twenty years. Hardly any institutional arrangement has been left untouched by the waves of reforms, revolutions and realignments, from the Civil Service to community organisations providing local services. This remaking has not only changed the internal organisational forms of the state, but the relationships between the state and the economy, the state and society and the state and the citizen. Much of the drive towards institutional reform has been based on a perceived 'crisis of the welfare state'. This crisis carries with it issues about the proper role of the state.

The shape and dimensions of this crisis were predominantly constructed through the ideological terms of reference established by the New Right. As Gramsci observed, crises 'create a terrain more favourable to the dissemination of certain modes of thought, and certain ways of posing and resolving questions involving the entire subsequent development of national life' (1971: 184). Much of this book examines the consequences of how 'certain modes of thought' posed and tried to resolve the problem of the welfare state. This chapter begins by examining the conditions of this crisis.

The post-war welfare state was legitimated and sustained by a range of settlements. Hay has summarised these as 'the relationship between the state, the economy, civil society and the public sphere that was to emerge and become institutionalised in post-war Britain' (1996: 44). We want to pull this apart by examining three separate but overlapping types of settlement: the political–economic, the social and the organisational settlement. The political–economic settlement has been defined in a number of ways: as the compromise between capitalism (and the free market) and socialism (and public provision through the state) or the compromise between the principles of inequality (market-driven) and equality (state guaranteed citizenship). It has been regarded as the settlement between the class forces of 'Capital' and 'Labour', and as the basis of a consensus politics establishing a more or less grudgingly accepted common framework of policy direction for parties of the Right and Left. Most accounts of the problems of the welfare state have focused on these political and economic dimensions. For example, Mishra (1990) describes the dismantling of the commitment to a mixed economy based on Keynesian principles of macro-economic planning; the benevolent role of the state in managing the

economy; and public spending on social and welfare services. Attention has concentrated on the global economic crisis of the mid-1970s and its consequences for the economies of the West. In particular, this crisis exposed the costs of public spending to political scrutiny and debate. Some discussions of the crisis have stressed an attempt by Capital and its representatives to redraw the post-war settlement in ways that enhance profitability, cutting the costs of taxation, freeing labour markets from state interference and removing the burdens of regulation from corporate capitalism. Other accounts have highlighted the successes of parties of the Right – and the New Right, in particular – in breaking up consensus politics and pursuing policies that were anti-statist and in favour of the free market.

All of these elements were visible in the crisis of the welfare state in Britain – and in particularly intense forms. But the focus on the political and economic crises has tended to overshadow other dimensions that have played a significant part. The political and economic settlement of the post-war welfare state was enmeshed with two other settlements – a social settlement and an organisational settlement – whose character contributed to the overall shape of the crisis and to the solutions proposed to resolve it. The intersection of problems in all three settlements produced the crisis of the welfare state.

**The social settlement**

The welfare state was erected around a framework of assumptions about the nature of British society, the needs of its citizens and how these should be met.

An emerging body of work best, but not only, represented in the writings of Fiona Williams (1989, 1992, 1993, 1994) has traced what might be called the 'social settlement' associated with the welfare state. Her concern has been with the ideological formations and social relations that have been produced and reproduced in the policies and practices of the welfare state. These focal points emerged from a concern to move social policy analysis beyond its preoccupation with income, work and class.

> A solution is to see the notions of **Family** and **Nation**, as well as **Work**, as three central and interconnected themes in the development of welfare. In other words welfare policies have both appealed to and reinforced (as well as occasionally challenged) particular ideas of what constitutes family life, national unity and 'British culture', although the notions and reality of Family, Nation and Work themselves change over time . . .
>
> Although the themes Family, Nation and Work could be applied to most industrialised societies, in the context of Britain the above model is about an analysis of the welfare state within a patriarchal and racially structured capitalism. As such the model broadens the production focus of social policy to include social reproduction and its particular impact on women and it widens the context to an internationalist understanding of imperialism and its impact on the lives of black and minority ethnic welfare users and workers. (Williams, 1992: 211–12)

Family and work intersect first in the assumptions about the organisation of waged and unwaged work. The precondition of the expanded welfare role for the state was the maintenance of full – male – employment, since such employment was to underpin the organisation of social welfare. It would ensure that most people's needs would be met through the earned income of a male head of household. The state would only come into play in the absence of wages (through unemployment benefit or pensions, for example). The maintenance of full employment was also essential for the financial foundations of state welfare, since it would be funded primarily by insurance contributions from the economically active.

This conception of full employment as the province of male wage earners both drew on and reinforced conceptions of the family as the site of a naturalised sexual division of labour, where, in Beveridge's oft-quoted phrase, 'housewives as mothers have vital work to do in ensuring the adequate continuance of the British Race and British ideals in the world' (1942: 52). The family – in this heterosexual and patriarchal guise – was to be the corner-stone of the system of social welfare. The wage-earning husband laboured in the public realm to provide the economic means for the housewife as mother to perform that vital work of reproduction within the private sphere of the home. The structure of welfare benefits reflected this assumption about the sexual division of labour, such that married women *and other dependants* would gain benefits in times of need via the male head of household (Land, 1995). This model of the family also projected a world in which the state would only be a support for welfare needs where 'the family failed', since caring for children, the sick and the elderly would be a natural function of families and, in particular, of women's role within the family (Finch, 1987; Finch and Groves, 1983; Graham, 1993).

Beveridge's remarks about the British Race also serve to signify the other dimension of the social settlement of the post-war welfare state: the ethnicity of the 'citizen' in relation to the nation state. This was, above all, a British welfare state, construed as serving British citizens with a known and predictable pattern of life and well understood welfare needs. This British citizen was – almost incidentally – white, with at least the residue of an imperial status and mission. The subsequent growth of the citizenship test for eligibility for welfare, in which 'race', nationality and citizenship would become compounded, was not an issue in the 1940s when it was simply presumed that everyone knew who a British citizen was. The implications for the social character of the universalism of the welfare state involved the unspoken inscription of a singular set of patterns of life, values and needs into the heart of welfare services as if they were universal.

In all its facets, this social settlement of the welfare state created a structure of different positions in relation to welfare benefits and services. This structure naturalised a set of social arrangements based on gender (the sexual divisions of welfare); age and able-bodiedness (the structuring of dependency) and 'race' (the identity of citizenship) and fixed them as the principles of state welfare. As Langan and Clarke have argued:

The 'universalism' of citizenship is, in these ways, deeply circumscribed – a highly conditional universalism which presumes a family-based social and economic structure. It addresses an indigenous population at whose heart are wage earning males supporting families surrounded by a set of dependent populations positioned by age (both young and old), by gender (the 'anomaly of the married woman'), by infirmity and by 'race' (the 'alien' non-citizen). (1993a: 28)

This structuring of citizenship was not only significant for the ways in which it shaped social policies and their implementation. It also played a wider ideological role in defining the relationship of the public and the state. It produced a unifying imagery of 'the people' which aligned them with the state in mutual defence against disruptions to their individual and collective stability (birth, illness, death, etc.) and joined them in collective investment in their future (the promise of social improvement). In this imagery, patterns of social divisions were naturalised: treated as something other than social. Thus gender divisions belonged to the realm of biology, as did racialised divisions of ethnicity and the distinction between the able-bodied and the 'handicapped'. The tensions between natural and social conceptions of these divisions were to become significant in the subsequent break-up of the social settlement.

This identification of the people and the state drew on particular historical images which provided legitimating narratives for the construction and expansion of the welfare state. Some of these narratives were about class and the failures of old elites. Some concerned the dangers of the free market, pointing to the social consequences of unregulated capitalism in the 1920s and 1930s. Others dealt with the role of the state, contrasting pre-1940s failures of governance with the enlarged role of the war-time state. These narratives combined to present the limitations and failures of pre-1940s national and local provision in the field of social welfare as necessitating a reinvention of the state's relationship to the people. The post-war state promised to replace old elites, patronage, partiality and the mixture of *laissez-faire*, charity and means testing that had dominated earlier conceptions of social welfare in Britain. The creation of the welfare state as a distinctive political and ideological entity – with its amalgam of Keynesian and Beveridgean commitments – required an organisational form or regime of the state in which people could see themselves represented.[1] This points to the third settlement associated with the welfare state – the organisational settlement.

## The organisational settlement

The organisational construction of the British welfare state was structured by a commitment to two modes of coordination: bureaucratic administration and professionalism (for fuller discussions, see, *inter alia*, Cousins, 1987; Hoggett, 1994; Newman and Clarke, 1994). It is through the settlement between these different modes of coordination that notions of *public service* – as a set of values, a code of behaviours and forms of practice – became