

Conflict Management, Privatisation and the (Post)Politics of Welfare Reform in the UK: Private Finance Initiatives and the New Localism

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Localities as Subjects and Objects of Policy

- ‘**Localities themselves** are best placed to understand the drivers and barriers to local growth and prosperity, and as such localities should lead their own development to release their economic potential. Local authorities, working with local businesses and others can help create the right conditions for investment and innovation....[Aim to] promote **efficient and dynamic markets** and increasing confidence to invest...with focused investment’

Introduction

- The new localism and **post-political** welfare reform
- The changing character of the state and public-private-civil society **entanglements**
- Policy **legacies** and policy de-construction and the politics of time
- Implications for (local) **democracy** and the future of the democratic state

Key Arguments

- Looking in the wrong place for the ‘problems’ surrounding localism
- Not too much government but too much governance
- Local control eroded not by local government but by privatisation and fragmentation
- The local becoming a regulatory and investment space to be controlled, managed and extracted from

The Changing Politics of Welfare: The Rise of the Post-Political Condition

- **The Post-political Writers:**
 - Ulrich Beck - *Second Era of Modernity*
 - Tony Giddens - *Beyond Left and Right*
- Idea that governance should be about **pragmatic consensus** and coming to an agreement on what works best
- The empowerment of experts and managers
- Taking the 'political' out of welfare state practices and 'local' politics

Politics and The Political

- Jacques Rancière and the ‘post-political condition’
- Mouffe’s distinction between:
 - *the political* ‘the dimension of antagonism which I take to be constitutive of human societies’
 - And *politics* which she sees as ‘a set of practices and institutions through which an order is created’ (p.29).
- Key issue is the *Congruence/Dissonance* between these
- Post-politics is founded on ideological assumptions that remain hidden under the cloak of rationality and consensus

- ‘today’s predominant form of ideological ‘closure’ takes the precise form of a mental block that prevents us from imagining a fundamental social change, in the interests of an allegedly ‘realistic’ and ‘mature’ attitude’ (Zizek, 2000: p.323)



Post-Political Local Governance

- (Re)Placing of political conflict in partnerships and new networks of ownership
- Private Finance Initiatives (PFIs) for new infrastructure - over 800 PFI projects in the UK, total repayments of £276billion, with massive cancellation payments
- Privatisation of local government functions and community activities

New Entanglements, New Boundaries

- Specific politics of (inflexible) time
- Empowerment of legal experts, financial bodies, and regulators
- Dis-empowerment of policy-makers, representative democratic systems, and communities
- Institutional separation of power and accountability
- New ‘geographies of political distance’, both spatial and temporal
- Broader concerns with (in)efficiency and public service delivery and implementation

Key Welfare Areas

- Focus on 2 policy fields as examples:
 - Health care provision
 - Public transport

Health Care Reform in South East London

- Institutional crisis of privatization, contracts, and distant post-political decision-making:
- Bromley Hospital Trust is technically bankrupt
- Over £60m/year in deficit
- 3 hospitals combined PFI repayments of £2.3billion up to 2039, locked-in payments
- Clinical needs expanding and changing
- **Hyper-pluralisation** of decision-making
- Project re-financing and the conversion of contracts into circuits of capital (*cf.* Harvey, 1982)

Health Care Reform in South East London

- Major democratic implications
- Shifting scales of representation and decision-making
- Notions of *co-production* are used to encourage community support and reduce the possibilities for conflict
- Shifting of risk and rewards
- Whatever decisions are made private companies/investors must be left 'no better, no worse' than before changes

- “We are locked into a system that is inherently more expensive for no discernible benefit except that we get new hospitals now, even if the lengthy payback will bankrupt future generations.” (Local Consultant)
- Despite co-ordinated local protests A&E services and maternity services from one non-PFI hospital (Sidcup) being closed

Q: aren't there advantages to the inclusion of private finance in getting hospital changes up and running?

- “well, the major problem was that the process happened in 1998, yet the hospital was not in use until 2003. It was already out of date...Health needs are changing all the time. We now probably don't even need the number of operating theatres we have as most surgery is now with out-patients. We need more medical beds as our population gets older but these were not properly forecast in 1998, but how could they be?”

Q: Why is this such a problem?

- “PFIs are not set up for **major variations**. They are set up to be risk-averse for private investors, who are cautious about change that might reduce future returns...this doesn't take account of the way that hospital management works, it is a process of constant flux, changing needs and demands. With the PFI we were forced to try and work these out at the start for 30 years. It was simply impossible”.

Q: What happens when you want things changed?

- “the problem is not with the day to day [private] operators that we are in constant touch with, they understand what happens here. No, the problem is with the issues covered by the contracts and the international financial houses who know nothing, or care nothing about what happens here, they only want a return. That is not how the NHS works, but it is how it is going to have to work from now on”.

Q What happens when you disagree with what is happening?

- Respondent 1: *“The nature of the work is that you want to build your credibility and standing and if you want to achieve things you need to work with them, so you need to make sure that whoever you are liaising with you are trying to protect your reputation”*.
- Respondent 2: *“as long as they provide a service that’s really all that matters to us. The quality of service is what matters. If it is high quality it shouldn’t matter who provides it”*.

The local context

- Transport provision by Southeastern Plc.:
 - Part of Go-Ahead Group (35% stake SNCF)
 - Multi-national corporation listed on FTSE 250
 - Employ 22,000 people
 - Run other services in UK plus many US School Buses
- Fare rise above inflation annually – possibly 11% rise next year
- Controversy over services changes since 2009

There are many more...

- Utilities:
 - Run by Southern Electric, part of **Scottish and Southern Energy Group (SSE)**
 - Or **Électricité de France (EDF)** the biggest global provider utilities €60billion value
 - Thames Water
- Housing:
 - Private developers and Housing Associations
 - PFIs for social housing
- Etc. etc.

Broader Geopolitical Changes

- Allyson Pollock – European welfare services are world’s biggest business opportunity
- The rise of regulatory capitalism (Braithwaite, 2008)
- *General Agreement on Trade in Services (GATS)*:
 - Article I(3) of the GATS excludes “services supplied in the exercise of governmental authority”.
- US firms calling for ‘liberalisation’ (e.g. UnitedHealth, Humana, and Wellpoint)
- Austerity governance and localism

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Where to Now?

- Moving away from crude writings on local empowerment
- Not a zero-sum game between states and markets
- Sometimes local empowerment may come through the actions of more powerful, co-ordinated **state** institutional structures
- Bringing the politics back into welfare provision