

## **The Consumer and New Labour: The consumer as king?**

*'Traditionally the left turned its back on choice as the preserve of the right. In a consumer society where the consumer is king, vacating this political terrain is not a feasible strategy for progressive politics'* (Alan Milburn, 2004 quoted in Joint Ministerial Memorandum, 2005: 1)

### **1. Introduction: New Labour and Framing**

'The figure of the consumer', Vidler and Clarke have written, 'stands at the heart of New Labour's approach to the reform and modernisation of public services'. Consumerism, that is 'the commitment to organising services around a public understood as consumers of services' emerged after 2000 as the central motif in the Blair Government's narrative, 'a generic organizing principle for public service reform (Vidler and Clarke, 2005: 19, 20. See also Clarke et al, 2007). What were the main elements of New Labour's consumer narrative? Why was it adopted and so vigorously propounded? To what extent did it amount to a major break with past Labour (and traditional social democratic) thinking?

A key objective of this chapter is to elucidate New Labour's understanding of 'consumerism'. In so doing it shall draw heavily on Schon and Rein concept of the frame. Frames can be understood as analytical devices which supply order and intelligibility to a complex, ever-shifting and confusing world (Schon and Rein, 1994). The first part of the chapter, after a brief sketch of the concept of 'framing', consists of a discussion of what shall be called New Labour's 'diagnostic frame,' that is the way the way it defined the problem of 'modernising' the public services (for reasons of both space and political saliency, we focus on education and healthcare). The next section considers New Labour's 'prescriptive frames', that is to say its major policy prescriptions which emerged from this diagnosis, The final section explores ambiguities and problems within New Labour's consumerist narrative.

In this chapter I draw upon documentary research (government papers of various types and ministerial policy speeches ) and a series of interviews conducted mainly between 2004 and 2007 The people interviewed include former government ministers, former government advisors and MPs and clinicians. Some were on the record but mostly off (for a list see Shaw, 2007).

A central organising principle of the New Labour approach to public policy is its repudiation of 'ideological thinking'. It believed in approaching issues 'without ideological preconceptions' and searching for practical solutions 'through honest well constructed and pragmatic policies' (Blair and Schroder 1999). It made decisions it claimed) on the grounds of the merits of the case and the feasibility of all policy options grounded in a scrupulous investigation of their likely consequences. As the mantra had it, 'what matters is what works', whatever a policy's ideological provenance.

It is true that New Labour displayed a willingness to experiment, to look at issues with fresh eyes, to challenge received willingness and to sweep aside the barnacles of past belief. To this extent it was, indeed, 'non-ideological'. But is it possible to adopt an approach that is wholly practical and solely-evidence based? I would suggest not. For example, how does one know 'what works'? Given uncertainty, imperfect information, constraints of time and analytical capacity - as well as the sheer press of events - there is (as one senior government policy advisor noted) 'inevitably some reliance on presumptions about what works best' (interview, Chris Ham, 2007). As Jack Straw put the matter: all politicians need a 'framework of belief so that there is some template for the scores of individual decisions which they have to make every day' (Straw, 1998). To explicate the Blair Government's 'framework of belief' and its 'presumptions about what works best' I shall draw upon Schon and Rein's concept of the frame. Frames, they contend, 'select for attention a few salient features and relations from what would otherwise be an overwhelmingly complex reality'. It may be possible, through assembling a body of

data, to identify the most salient characteristics of a problem (say uneven educational performance) but arriving at an agreed diagnosis of why it occurs, specifying the key variables and the relationship amongst them, defining causal sequences and so forth all presuppose the application of frames - whether explicitly or implicitly. 'The very task of making sense of complex, information-rich situations requires an operation of selectivity and organisation, which is what framing means' (Schon and Rein, 1994: 30). By constructing analytical sequences and narratives illuminating why social ills or problems arise, frames indicate which types of policy responses are likely to be most effective. For analytical purposes, it is therefore useful to differentiate between the *diagnostic* and *prescriptive* aspects of frames. The *diagnostic* refers to the definition and elucidation of the causes of a problem and the *prescriptive* to the policy remedies formulated to remedy it.

A major aim of this chapter will be to examine New Labour *reframing*, that is the new ideas, concepts and modes of thinking it utilised to explicate too its own satisfaction the problems it confronted. A distinction is made between two sources of reframing, which shall be called *policy learning* and *social narrative formation*. *Policy learning* has been defined 'as a deliberate attempt to adjust the goals or techniques of policy in response to past experience and new information' (Hall, 1993: 278). Typically, it takes the form of an attempt to identify and draw conclusions from the experience of past policy failures. By *social narrative formation* I mean a particular way of understanding the new challenges posed by the process of social change and therefore the type of policy responses required.

## **2. New Labour Diagnostic Frames: (a) Policy learning**

The starting point for policy learning is the perceived inability of established policy recipes to resolve current policy problems. New Labour policy learning (we shall suggest) took place in two phases with the assumption of power in 1997 the dividing line. The initial phase took the form of drawing lessons from both the perceived *policy* failures in Labour government in the 1960s and 1970s and repeated *electoral* failures after 1979. Very briefly, the conclusions were that, in government, the party had been too attached to an archaic, musty and dogma-derived policy repertoire and too much in thrall to 'producer interests' – notably public sector unions, professional associations and public bureaucracies whilst in opposition it had become wholly disconnected from public opinion and had lost touch with economic, social and political realities.

.But if the new Government, in 1997, had a sense of what had, in the past, failed it I lacked a clear programme of action. This was notably the case with the running of the public services. Later key New Labour figures were to express regret that it had not been much bolder and more radical - by which they meant embarked more rapidly and energetically on the competition and consumer choice agenda (interview, senior policy advisor, 2007). There were a variety of reasons for this. Firstly, Labour had for so many years had campaigned against Tory 'marketisation' and 'privatisation' in the public services that it felt impelled to take such measures as 'abolishing the internal market' – though in fact the steps it took fell short of this. Secondly, a number of ministers (notably Frank Dobson at Health) would have resisted a market-oriented reform programme. Thirdly, there was a widespread belief that a 'third way' could be found between the marketising approach favoured by the Tories and the tradition of centralised, top-down service delivery associated with Labour in the past based on partnership and collaborative working. Fourthly, public sector reform was not regarded as a top priority in Labour's first term. Hence, in general, the policy tone in both healthcare and education was, for most of Labour's first term, one of cautious incrementalism and limited experimentation.

But within a couple of years key policy actors – notably the Prime Minister himself and a coterie of senior health and education advisers in Number 10, such as Andrew Adonis, Michael Barber, Simon Stevens and Julian Le Grand – reached the

conclusion that more drastic measures were needed. Until 2000 policy had been overshadowed by the commitment to abide by the Tories very tight spending settlement but with the new millennium the sluice gates of spending were opened. Would the new funds which flooded in be used to good effect – or would they – as Blair and his top aides feared – be squandered? If far more taxpayers' money more was spent and there was little to show for it, in terms of policy outcomes, then the case for strong public service might well be irreparably damaged in the public eye. Simon Stevens Downing Street's senior health policy advisor at the time recalled:

'the terms of debate changed dramatically as the issue of getting value for money assumed decisive importance. The period between 2000 and 2002 was pivotal for it became increasingly clear that the additional resources made available were not being translated into more operations and falling waiting times. The system was absorbing cash without producing results. Hence new incentives were needed' (interview, 2006).

Key policy-makers concluded that whilst the 'command and control' regime Labour reasserted in 1997 may have been necessary to offer immediate relief on such matters as incredibly long waiting times it afforded no long-term solution. 'There was a perception,' Stevens' successor as Number 10 health policy advisor Julian Le Grand recollected, 'that command and control had reached its limits' (interview, Le Grand, 2006). 'There was only so much you could achieve', Milburn observed, 'by finger-wagging and instructions. We had to move to a system that was sustainable in its own right' (interview, 2006). Indeed keen Blairite reformers came to conclude that the real Tory failing was not that it had embarked on market-oriented reforms but had done so with insufficient verve and determination (interview Milburn, 2006).

In effect what was occurring was a major alteration in Labour diagnostic frame. The way it defined the problem of public service underperformance – and hence the prescriptions it found more compelling – shifted. Central to traditional Labour thinking has been the concept of market failure – the inability of market to meet social needs and distribute resources and life-chances in an equitable manner. The Blair Government agreed that this problem persisted but, equally, became convinced of the no less important dangers posed by *public sector failure* – a problem (it felt) 'Old Labour' had so emphatically failed to acknowledge. For Blair, one top Downing Street aide observed, the party in the past had been too 'hung up about monopoly public provision, the close involvement of trade unions and public professional associations in the determining of public policy': in his view 'defending public service monopolies was simply ... a category error' (interview, 2007). Downing Street became convinced that in their present form the public services were incapable of making effective use of the additional funding. They were seen, as one senior policy advisor recollected, 'as lumbering, over centralised and monolithic organisations incapable of responding with speed and flexibility and with no self-sustaining mechanisms of improvement' (interview Chris Ham, 2007).

New Labour's new diagnostic frame clearly bore the imprint of 'New Public Management' (NPM) theory: the language used in Osborne and Gaebler's seminal text constantly recurs in its pronouncements. The old-style 'bureaucratic model' of public services which 'delivered the basic, no-frills, one-size-fits-all services' was sorely wanting (Osborne and Gaebler 1992: 14). Whilst the state should remain a crucial agency for the pursuit of public goals it could only do so if it was radically reshaped, if it challenged bureaucratic feather-bedding and 'producer interests' and learned to be 'entrepreneurial.' Amongst the key characteristics of this 'entrepreneurial governance' were: the creation of markets or quasi-markets; the separation of purchaser from provider; the utilisation of competition as a means for powering service improvements; accountability for performance against targets and the reconstruction of service users (and the general public) as customers or consumers (Osborne and Gaebler 1992: 19-20; See also Stewart, 2003: 170). All of

these themes were to emerge as central motifs in New Labour-style 'modernisation.' Key features included curtailing the influence of supposedly self-interested service providers, a focus on outcomes or delivery and the creation of a 'performance culture' based on rewards for success and penalties for failure (Faulkner, 2008: 233).

Underpinning New Public Management was the theory of 'public choice'. Public choice applied the principles of economic theory to the sphere of collective action. In their social interactions, it is assumed, people are principally driven by self-interest. Within the context of a market economy self-interest is reconciled with general welfare via the mechanisms of choice and competition. Because consumers can choose between alternative suppliers of goods, and services producers are under relentless pressure to satisfy their preferences the consumer is 'sovereign'. Where, however, the supplier of a service is monopolised by one single producer and where, furthermore, this producer is highly organised (in trade unions and professional associations) and operates through a bureaucratic system of resource allocation then a real problem of 'producer control' or 'producer capture' arises.

The thesis of producer capture occupied a central role organising New Labour's diagnosis of what it saw as the perennial and endemic weakness of monopoly public sector service delivery. Bureaucratic monopolies delivering uniform services rendered public organisations unresponsive to shifting public preferences, and solidified structures in which producer interests took precedence over consumer needs. In the market sector if private firms failed to respond to 'the immediate needs of demanding consumers', Blair pointed out, 'they go out of business. They know that poor service, lack of courtesy, massive delays, destroys their image and their success' (Blair, 2001). But where public monopoly prevailed, those offering 'a poor or a tardy service could continue do so with impunity; for those badly treated had nowhere else to go' (Le Grand, 2006: 5).

The conviction that, in the absence of choice and competition, the public services lacked a 'self-sustaining mechanisms of improvement' – a recurrent and insistent Blair refrain (Barber, 2007: 335) – reflected a major shift in thinking. In traditional Labour thinking the 'public service ethos' operated as precisely such a mechanism. Indeed, the notion of a deeply-implanted 'public service ethos' regulating conduct in public sector organisations (especially in healthcare and education) permeated Labour thinking 'about the motivation, character and moral importance of the public sector within the political community' (Plant, 2003: 561). Because adherence to the public service ethos – a combination of professional norms, respect for the public good and a sense of altruism – was sufficiently strong amongst most professionally-employed people in the public service (teachers, nurses, doctors, probation officers and so forth) they could generally be trusted to do their best to help the people they served. They could be relied upon to deliver services more equitably, to a higher standard and with more concern with user need than people motivated primarily by self-interest and profit. They were 'knights' not 'knaves' (Le Grand, 1997: 155).

The New Labour Government by no means discounted the importance of a 'public service ethos.' It acknowledged that 'the public service ethos undoubtedly forms part of the motivation of professionals and others working in the public service' but – it was quick to add – 'it is only a part, with more self-interested or knavish concerns also playing a significant role. Indeed, when 'self-interest and public spiritedness' conflicted for public sector providers 'it is far from clear that public spiritedness always dominates' (Joint Ministerial Memorandum, 2005: 3.3.5).<sup>1</sup> It readily conceded that public servants were driven by factors other than immediate self interest – altruism, professionalism and so forth – yet, equally, it felt that 'the

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<sup>1</sup> As Robert Hill, a former senior Downing Street adviser, later recalled 'the government has tended to talk as though professionals were knights, .... But it has tended to act as though they were knaves' (Hill, 2007: 247-8).

public service' was invoked 'to a degree, as a cover for the producer interests of professional associations and public sector trade unions.' There was a tendency amongst the Blairites 'to see self-interest as a key determinant of behaviour within the public sector – they were [drawing upon the terminology used by Le Grand, 1997] knaves not knights' (interview with Government advisor, 2007. See also PMSU, 2006: 59). As one former Downing Street aide crisply put it, despite much talk of the public service ethos, 'there was not much sense of service to the public' (interview, Geoff Mulgan).

In the past, Labour had tended to contrast opportunistic, self-seeking behaviour in the private sector with public spiritedness in the public. New Labour reframed the terms of the debate. The real challenge to effective public sector performance no longer the threat of exposing them to market disciplines and pecuniary motivations but 'professional domination of service provision' (Blair, 2004). 'People in the public sector', Blair declared in a much publicised speech, far from represented paragons of public virtue were too cautious, unimaginative and too reluctant to experiment - at a time when 'the private sector, in its reward and motivation, has moved on apace' (Blair, July 1999). Without the spurs of competition and relentless consumer pressure, public organisations lacked the incentive to modernise outdated work practices, utilise resources more economically and drive up standards of service. Reflecting upon his extensive governmental experience, Charles Clarke commented that professional associations had too often 'focused upon defense of their own short-term interests.....Innovation and initiative have been rare and defensiveness and introversion are too often the norm' (Clarke, 2007: 134, 131. See also Hutton, 2007: 171).

### **New Labour Diagnostic Frames (2) Social narrative formation**

If the notion of public sector failure was central to New Labour policy learning, it was also embedded in a broader narrative of social change. A narrative involves story-telling: 'We account for actions, practices and institutions by telling a story about how they came to be as they are and perhaps also how they are preserved' (Bevir and Rhodes, 2003: 20). Social narratives, as the term is used here, are frames which depict social realities in such a way as to provide justification for a particular set of policies. Political actors 'use narrative story lines and symbolic devices to manipulate so-called issue characteristics' - whilst often claiming simply to be spelling the facts. These narratives are important not only because they propel issues onto the political agenda but because of the way they assert the burden of action. (Stone, 1989: 282, 283).

The central motif in Labour's narrative was the relentless advance of the consumer society and consumer culture – terms apparently used interchangeably. Public services, in the formative period after the war, a leading New Labour strategist maintains, were created 'on the assumption of a uniform provision to a relatively compliant, homogenous population' (Taylor, 2006: 17). The old model of the welfare state was, for Tony Blair, 'the social equivalent of mass production, largely state-directed and managed, built on a paternalist relationship between state and individual, one of donor and recipient. Individual aspirations were often weak, and personal preferences were a low or non-existent priority' (Blair, 2002). 'Old Labour' adhered to a 'one size fits all' model in which the task of determining people's needs could safely be left to public sector professionals. 'The public (Health secretary Alan Milburn observed) 'were supposed to be truly grateful for what they were about to receive. People expected little say and experienced precious little choice' (Milburn, 2003).

By a 'consumer society' New Labour appeared to mean a society in which a mass of often high quality consumer goods and services offering multiple choices were readily available and highly competitive markets ensured that producers exhibited an acute sensitivity to consumer preferences. Its emergence was deemed

to have fundamentally altered mass culture. The 'revolution in business', David Miliband observed, 'has found its way into social norms' (quoted in Cutler, Wane and Brehony, 2007: 848). With solidaristic or communal modes of thought and the collectivist forms of organisation which sustained in irrevocable decline the new spirit was one of individual aspiration and ambition, embodied in the concept of the confident, discriminating consumer. The experience of being able to choose between a wide range of goods and services proffered by rival suppliers all vying for their custom had raised popular expectations 'Ordinary consumers are getting a taste for greater power and control in their lives. They expect services tailored to their individual needs. They want choice and expect quality' (Milburn, 2007: 8).

As Vidler and Clarke point out, 'this conception of the modern world being dominated by the practices and experiences of a consumer culture is central to New Labour's articulation of the case for public service reform' (Vidler and Clarke, 2005: 21). Consumerism furnished the dominant frame of reference in which people defined and enacted their social roles. In the words of the PM's Strategy Unit, 'in light of their private sector experiences, the public want greater choice over the services provided to them by the state. ....The public now expect services to be specifically appropriate to them' (PMSU, 2007: 18). A second related axiom was that the private sector was decidedly more effective than the public (as traditionally constituted) in supplying individual needs to a high standard of service. Hence the constantly reiterated observation that people wanted better public services because they were 'accustomed to high standards in commercial markets' (PMSU, 2007: 2.6). Precisely why this should be regarded as axiomatically given the serious cases of mis-selling of financial products (private pensions, endowment mortgages, high levels of bank overdraft charges), poor quality of rail services and often curt treatment of passengers by airlines is a matter of some puzzlement.<sup>2</sup>

A central New Labour proposition was that if the welfare state failed to adapt to the demands of the new consumer culture its very legitimacy would be jeopardised. People would only support schemes of collectively-provided services if they could be shown to work to their advantage and that of their families. The welfare state - the provision of needs through public services - could only continue to command popular support to the extent that it demonstrated a sensitivity to increasingly powerful and pervasive individual aspirations and expectations (interview, senior Downing Street advisor 2007). Here a particular danger was that of the defection of sections of the middle class to the private sector (especially healthcare and secondary education). This would, one Blairite minister declared, put at risk 'universal provision funded through general taxation' and ultimately lead to 'the break up of public service provision as we know it today' (Byers, 2003). The danger was especially pressing in the more highly-populated - and marginal rich - South Eastern England. Whilst it was estimated that 12 per cent of the population had private health insurance this figure rose to as high as 30% in the South East (Mohan, 2003). The figures for private education were, respectively, 7% in England, but three times as much in parts of London. Middle class flight to the private sector would thus at one and the same time damage the fiscal basis of the welfare state, deligitimise its institutions and erode Labour's electoral base. 'From this perspective, offering choice is one way in which we can bind into the public sector those that can afford to go private' (Byers, 2003).

### **New Labour's Prescriptive Frames (1) choice and empowerment.**

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<sup>2</sup> It was rare for this proposition to be queried. However one former senior Prime Ministerial advisor did point out that 'many of the biggest private firms - such as the retail banks or cable companies, which operate in relatively oligopolistic markets - provide often dire standards of service that would be unacceptable in the public sector' (Mulgan, 2007: 182).

Such were the diagnoses. What policy prescriptions flowed from them? Blair summed up his broad credo for public service reform thus:

'We must develop an acceptance of more market-oriented incentives with a modern, reinvigorated ethos of public service. We should be far more radical about the role of the state as regulator rather than provider, opening up healthcare for example to a mixed economy under the NHS umbrella.... We should also stimulate new entrants to the schools market' (Blair, 2003).

We have already noted that many of the characteristic principles and motifs of New Public Management (NPM) were assimilated into the Blair Government's discourse and policies. This did not imply the adoption of a free market, new right approach. The New Labour programme of public service reform was – to the contrary – grounded in a firm commitment to a large and vibrant sphere of collective activity where public goods such as healthcare and schooling were provided in an equitable fashion according to need, free at the point of consumption and funded by progressive taxation (PMSU, 2007: 10). But – in a sharp break with traditional Labour thinking – it *did* demand a recasting of the welfare state, through the injection of both consumer choice and competition. Though these constituted two faces of the same phenomenon, for purposes of analytical exposition choice and competition will be treated separately.

Choice, the Government explained, had two aspects. It was 'both a means of introducing the right incentives for improving services for users, and .. a desirable outcome in and of itself: that is, it is both intrinsically and instrumentally valuable' (Joint Ministerial Memorandum, 2005: para 1.2) As an end, because there was a strong and growing demand for choice. 'While people have become more empowered as consumers they have not as yet become empowered as citizens. ....Ordinary consumers are getting a taste for greater power and control in their lives' (Milburn, 2007: 7-8). An older social democratic vocabulary which associated freedom and autonomy with the concept of self-development has here been subtly displaced by an emphasis on freedom as the extension of choice in competitive markets: 'the consumer exercises personal autonomy through the freedom to choose' (Needham, 2003: 21). Choice was, equally, seen as indispensable to 'personalisation' which developed, from Blair's second term, as a major theme of policy. Personalisation was defined as 'the process by which services are tailored to the needs and preferences of citizens.' (PMSU, 2007: para 5.1). This could be achieved by a range of means, including enhanced user voice (individual and collective) but the Government's main emphasis was on extending choice on the grounds that 'it is difficult to see how personalisation can be implemented without choice' (Joint Ministerial Memorandum, 2005: para 3.6.2).

However it was increasingly the 'instrumental' aspects of choice – 'acting as an instrument for achieving other desirable social ends' (Joint Ministerial Memorandum, 2005: para 3.3.1) – that received most attention. Choice would act as the spur to bolstering public service quality and efficiency and ensure much greater sensitivity to people's needs by fundamentally altered power relations between service users and providers. It imparted strong inducements for changes in provider behaviour. As Blair explained,

'choice isn't an end in itself. It is one important mechanism to ensure that citizens can indeed secure good schools and health services in their communities. Choice puts the levers in the hands of parents and patients so that they as citizens and consumers can be a driving force for improvement in their public services' (Guardian, 24 June 2004)

But to have these effects, choice had to be yoked to competition.

## **New Labour's Prescriptive Frames (2) consumer empowerment through competition**

'On its own', the PM's Strategy Unit averred, choice would engender insufficient pressure for sustained service improvements 'but, coupled with competition, choice can provide powerful and continuing incentives for service providers to improve efficiency and raise service quality for all' (PMSU, 2006: 66). One senior advisor was insistent on this point: 'the crucial point in generating sustained improvement in service quality is having competition, some from the private sector, most within the public sector' (interview, 2007). Another senior advisor observed: 'competition will promote an appetite for adopting best practice which has sadly been lacking until now. The policy of urging people to adopt best practice via information has had disappointing results. By linking failure ... with [financial] consequences a dynamic which will have a positive effect on the system as a whole has been created' (interview, 2006). Thus where choice was coupled with competition, and where, in addition, funding follows users' choices, providers would be under constant pressure to cut costs, avoid waste, raise quality and responds to individual preferences. Milburn put it this way:

'Where people can opt for a hospital where the waiting times are shorter and where money follows patient then he is empowered. The hospital losing patients then has a choice – to continue to under perform or improve: getting doctors working as they should be and therefore getting patients back' (interview, 2006).

New Labour policy-makers were genuinely attached to the precept that 'what matters is what works' but, equally were convinced – as Michael Barber, highly influential head of the Downing Street Delivery Unit put it – as 'competition drives productivity improvement in other sectors of the economy, so why not in the public services?' (Barber, 2007: 335). For New Labour, a policy advisor commented, the 'presumption was that choice and competition operated as the most effective and reliable drivers of improvement, efficiency and innovation' (interview, 2007). Choice within a competitive system, Health minister John Hutton pointed out, would 'throw a spotlight on poor performance, ...drive inappropriate costs out of the system and ... match capacity in the system to where people want it to be' (Public Administration Select Committee, 2005 Ev 150). To be effective, however, competition within existing public sector institutions would not suffice: what was needed was 'a broad base of suppliers' (PMSU, 2007: 44). An essential aspect of a properly-functioning market was the entry of new, innovatory competitors who could provide additional capacity, inject new ideas, disturb cosy and established rhythms of behaviour and frighten existing producers, thereby forcing them to compete more fiercely for custom (Le Grand, 2006). New entrants, for the most part, could realistically only come from the private and (to a lesser degree) voluntary sectors. A central tenet of New Labour thinking was that public services did *not* have to be delivered by public organizations. What mattered was what worked, and what worked was intensified competition from new suppliers. Increased diversity of supply, one top Prime Ministerial aide emphasised, would 'prevent the damaging effects of monopoly' by facilitating new entrants to the market and thereby ensuring effective competition (interview, 2007). The Office of Public Services Reform was confident that 'widening the market to create more suppliers of public services' - greater 'contestability' in the jargon – would 'drive up performance, improve the quality of management and secure more value for money.' It was vital for productivity growth since 'in the private sector as much as half of all productivity gains come from new entrants to the market, as opposed to incremental improvements from existing companies' (OPSR, 2002: 24). All this constituted open defiance of one of Labour's traditional totems but Tony Blair was absolutely adamant. 'Part of any reform package' had to be 'partnership with the private or voluntary sector' (quoted in Seldon, 2007: 69).

Choice, one staunchly New Labour minister pronounced, 'should always be regarded as the default in public service delivery, because choice can

promote equity as well as improve quality' (Hutton, 2007: 171). But this was a contentious proposition. Much of the resistance within the party to the consumerist agenda revolved around its impact on equity. Critics argued that choice and competition mechanisms would inevitably skew services in favour of the more knowledgeable, educated and confident. 'The articulate and self-confident middle classes', Roy Hattersley contended, 'will insist on the receipt of the superior services. The further down the income scale a family comes, the less likely it is to receive anything other than the residue which is left after others have made a choice' (Hattersley, 2005). The Government riposted that *monopoly* was a larger cause of inequality than choice. The absence of choice, former Downing Street advisor Julian Le Grand reasoned, placed a premium on the ability to deploy 'voice' – in which the 'more articulate, more confident, and more persistent' middle class had a decided advantage (Le Grand, 2006a). Typically lower income groups were less able to navigate the system, less confident in dealing with professionals, with ventilating their dissatisfactions and utilising complaints procedures. 'The voice of the poor is generally much quieter than that of the middle class' (Joint Ministerial Memorandum, 2005: para 3.5.3). Furthermore, the more affluent sections of the middle class always enjoyed the option of choice by buying into privately-supplied healthcare and education: the Government was giving to all the opportunities of choice which had until now been the prerogative of the wealthier (Blair, 2003). This said, the Government acknowledged that 'extending user choice of provider may create some problems for the exercise of choice by the less well off' but believed that these could be remedied by establishing choice advisors and mandating public authorities to ensure a steady flow of reliable guidance and information (Joint Ministerial Memorandum, 2005: para 3.5.6).

### **Consumer choice and the collective good**

This final section considers some of the ambiguities and problems within New Labour's consumerist narrative. Choice, the PM's Strategy Unit opined, would 'allow users to become more *assertive customers* and help to ensure that public services respond more promptly and precisely *to their needs*' (PMSU, 2006: 65. Italics added). There are two key assumptions in this seemingly unremarkable statement. The first is that that what people wanted and what people needed were broadly the same. Thus one influential document called for services to be refocused on 'the needs of the patients, the pupils, the passengers and the general public' whilst also urging 'new ways of responding to customer demands' (OPSR, 2002: 8, 19). The second assumption was that what people wanted, on aggregate, could broadly be equated with social need, or the common good. Both suggest a growing permeation of New Labour thinking by market discourse with its accent on needs as consumer preferences.

In reality, the Government's position was more ambiguous. The public services have always pivoted around some notion of objective need, traditionally defined by a combination of professional judgment and democratic deliberation and this remained the case with New Labour, as seen in its repeated avowal to ensure that key services such as healthcare and schooling remained free and available *according to need*. Indeed one of the central distinctions between a *quasi-* and a real market was that, in the former, priorities would be established by public authorities as agents for service users rather than by the users themselves acting as consumers in the marketplace.

But, it was by no means always consistent for there was a tendency to elide the distinction between wants and needs. Thus the Government defended its drive to render the public services more consumer-oriented on the grounds that allowing 'users to become more *assertive customers*' would 'help to ensure that public

services respond more promptly and precisely to their *needs*' (PMSU, 2006: 65. Italics added). The more 'assertive consumer' with 'instant access to information' was, it was claimed, capable of making 'instant choices according to their own priorities' – assumed to correspond to their needs (PMSU, 2007: 16). The passive 'pawn' (in Le Grand's terminology) of traditional state-oriented social democratic was being transformed into the 'queen' – the 'empowered user'.

There certainly was a considerable body of evidence indicating that people resented being treated as pawns, desired more personalised and sensitive forms of service delivery and experienced choice as empowering (Le Grand, 2007). But were there not more tensions between individual wants and needs, and even more between (aggregated) personal preferences and the social good than the Government was prepared to concede? One can here identify a range of problems. The first arose from the fact of scarcity or relative inelasticity of supply. In the private sector supply could expand to meet rising demand with price regulating the relationship between the two. But the price mechanism did not operate in the quasi-market and, with services free at the point of consumption demand for high-quality services was more or less infinite: it will never be possible to satisfy all education and healthcare needs and expectations – the costs would be astronomical. Therefore some form of rationing is inevitable. Indeed a central plank of the case for public services has always been that, in a situation of limited resources, availability should be determined by need rather than price, that this requires some criteria of priority and that what these should be would best be left to a combination of those with professional expertise and those with some form of democratic mandate. Inevitably, this meant that difficult decisions had to be taken. As Walsh pointed out, 'decisions over the allocation of public goods typically have to take account of 'problems of conflicting rights, differences between individual and collective rights, and differences of the long and the short-term impact of the exercise of rights' (Walsh, 1995: 254). The result would always be an uneasy and contested equilibrium – but would this not be further unbalanced by a much-enlarged role for consumers?

Furthermore, unlike in the conventional consumer market, in the resource-constrained public sector the exercise of choice by one set of individuals could have an adverse effect on others. This was particularly the case were services operated as position goods, that is a matter of securing a competitive edge rather than being valued ends in themselves. As the Education and Skills Select Committee pointed out, 'in oversubscribed schools, the satisfaction of one person's choice necessarily denies that of another' (Education and Skills Select Committee, 2005: 31). As parents sought to do their best for their children there would be an ever more intense scramble for limited places in the more highly-regarded and more effectively performing (in terms of league tables) schools. As a result, as the Committee noted in an earlier report, 'far from being an empowering strategy the school admissions process, founded on parental preference, can be a time-consuming cause of much distress in the lives of many families' (Education and Skills Select Committee, 2004: 3).

In addition, the aggregated preferences of sets of consumers may not necessarily conform with broader public purposes or indeed may have negative social consequences, which individuals themselves might not favour. As Needham points out, 'a customer care ethos restricts public services to a mechanism for satisfying individual wants, ignoring the importance of such services in meeting collective goals' (Needham, 2006: 857). For instance it seems not all unlikely that the impact of greater parental choice in the schooling system will be the intensifying of social, religious and ethnic segregation which might, in turn, weaken social cohesion and exacerbate social problems. The 'aggregate of individual choices' might not, in short, correspond to 'collective priorities' (Vidler and Clarke, 2005: 35).

Finally, and paradoxically the effect of policies which were avowedly designed to sustain the legitimacy of public services might actually undermine them – by unleashing the consumerist genie. Evoking a consumerist mentality might well raise expectations which cannot be realistically fulfilled. ‘Rather than delivering a satisfied and pliable citizenry, consumerism may be fostering privatised and resentful citizen-consumers’ (Needham, 2003: 33). Would not the relentless emphasis on consumer rights - encouraging people to demand that *their* needs be met *as quickly as possible* irrespective of the impact upon others – legitimate a more or less exclusive concern with individual (or family) interests at the expense of any consideration of the community as a whole? Might it not give rise to ‘consumption risk’ whereby ‘users may develop unrealistic and even improper demand of provision’ and exhibit ‘more demanding and display more assertive and even aggressive and bullying behaviour against providers’ if there demands are not met? (Gray, 2007: para 18). Might not the effect of promoting what Bunting has called ‘a pathology of social entitlements’ be to erode yet further sentiments and ties of social solidarity? (Guardian Jan. 28 2008).

## Conclusion

This chapter has revolved around an examination of New Labour’s consumer narrative – the way in which it has framed issues of public service delivery in terms of maximising individual consumer choice. Traditionally Labour had viewed public services not only as a collective way of providing for individual material security but as affording an institutional framework which would bring people together, strengthening social bonds. For New Labour, in contrast, the role of the consumer has increasingly come to define mass aspirations and expectations in all walks of life. A market-oriented programme of public sector reform is thus presented as a response to powerful social forces to which the Government has to respond if the welfare state – understood here as public services universally delivered, free at the point of use and financed by progressive taxation – is not to forfeit its legitimacy.

The end here was not – as with the new right - small government and an enlarged role for the market as supplier of public goods. Rather it was big government reinvigorated by market mechanisms – by competition and choice. This meant repudiating what was dubbed ‘one-size-fits all’, that is a system of monopoly public provision in which professionals are entrusted with considerable power to determine need and how it best can be met. For New Labour consumer choice and competition were essential means for achieving more efficient and higher quality service. It was also deemed to be inevitable if the welfare state was to adapt to new social challenges: ‘We live in a consumer age. Services have to be tailor-made not mass-produced, geared to the needs of users not the convenience of producers’ (Department of Health, 2000: 2.12).

This chapter concluded with some observations suggesting that the equation of consumer demand with individual needs and the public good might be a little more problematic than the Government acknowledged. An approach which ‘allows the user to shape services through expressing a preference and making a choice’, as Needham points out, has a ‘potentially radical implications for public service provision’ (Needham, 2006: 853) and – one can add – for Labour’s future as a party indelibly associated in the public mind with the collective provision of services. What these will be only time will tell.

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