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**A Welfare Consensus?
Social Policy from Thatcher to Blair**

JOHN D HOLLAND

**St Cuthbert's Society
School of Applied Social Sciences
Department of Sociology
Durham University**

Submitted in terms of the Requirement of Degree

MPhil by Research

November 2009

Research Abstract

A Welfare Consensus?

Social Policy from Thatcher to Blair

This thesis examines two central aspects of asset management by central government with special reference to health and education. First, it analyses the nature, structure and procedural legacy inherited by New Labour after eighteen years of Conservative control, and carries this analysis forward to determine the influence that this has on New Labour's policy orientation. Second, with a view to the significance of institutionalist theories, which underline the potential importance of 'path dependency', the thesis seeks to determine what, if any, major policy differences developed with the transition from the Conservative governments of 1979-97 to the New Labour governments of 1997-2007.

From a wealth of documentary evidence this thesis concludes that New Labour, throughout its ten years period in office, while it softened the well entrenched Thatcherite policies inherited it did not reform the core objectives of 'rolling back the state' which had led to the introduction of market-style competition designed to drive up standards, choice and availability accompanied by the driving down of unit costs. Over a time span of almost thirty years all governments have placed health and education as twin focal points of their policy initiatives. This thesis has therefore chosen these two political drivers as major examples of continuity and changes in social policy over that period, stretching from the late 20th century and into the 21st century.

New Labour's pragmatic acceptance in 1997 of its Thatcherite legacy with its compounded bipartisan approach led to a new welfare consensus coupled to enhanced strategic public expenditure priorities. In doing so, New Labour, under Blair, set aside its traditional, historical policies and embedded its own legacy so deeply into the economic fabric and culture of the UK that any future government, of whatever political persuasion will find the forward momentum of these policies powerful inhibitors of change. Thirty years of rolling back the state has achieved its outcome.

Word Count 66,937

John D Holland
St Cuthbert's Society
School of Applied Social Sciences,
Department of Sociology
Durham University
November 2009

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Declaration

I confirm that the thesis conforms with the prescribed word length for the degree for which I am submitting it for examination.

I confirm that no part of the material offered has previously been submitted by me for a degree in this or in any other University. If material has been generated through joint work, my independent contribution has been clearly indicated. In all other cases material from the work of others has been acknowledged and quotations and paraphrases suitability indicated.

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John D Holland

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ABBREVIATIONS

APS	Assisted Places Scheme
BUPA	British United Provident Association
CA	City Academies
CCT	Compulsory Competitive Tendering
CfBT	Centre for British Teachers
CHI	Commission for Health Improvement
CMO	Chief Medical Officer
CTC	City Technology College
DBFO	Design, Build, Finance and Operation
DCLG	The Department for Communities and Local Government's
DCMS	Department for Culture, Media and Sport
DfE	Department for Education (<i>Conservative 1992-1995</i>)
DfEE	Department for Education and Employment (<i>Conservative 1995-1997, New Labour 1997-2001</i>)
DfES	Department for Education and Skills (New Labour post 2001)
DfES	Department of Education and Science (<i>Conservative 1979-1992</i>)
DGH	District General Hospital
DHAs	District Health Authorities
DoH	Department of Health
DTCs	Diagnostic and Treatment Centres
EAZs	Education Action Zones
ECRs	Extra-Contractual Referrals

EIPs	Education Improvement Partnerships
FE	Further Education
FEFC	Further Education Funding Council
FPS	Family Practitioner Services
FTSE	The Financial Times Stock Exchange 100 stock index
GATS	General Agreement on Trade in Services
GDP	Gross Domestic Product
GM	Grant Maintained
GPFH	General Practice Fund-Holders
GPs	General Practitioner
HE	Higher Education
ICTs	New information and communication technologies
IHA	Independent Healthcare Association
IMF	International Monetary Fund
ISTCs	Independent Sector Treatment Centres
LA	Local Authorities
LEA	Local Education Authority
LMS	Local Management of Schools
MP	Member of Parliament
MRSA	(sometimes referred to as the superbug) stands for methicillin-resistant Staphylococcus aureus.
NAGTY	National Academy of Gifted and Talented Youth
NFC	National Framework Contract

NFHGP	Non-fundholder GP
NHS	National Health Service
NHSFT	National Health Service Foundation Trust
NHST	NHS Trusts
NICE	National Institute for Clinical Excellence's
NLN	The National Leadership Network
NSFOP	National Service Framework for Older People
NSPF's	National Strategic Partnership Forum
NUT	National Union of Teachers
OHM	Office for Health Management
PAF	Performance Assessment Framework
PCGs	Primary Care Groups
PCT	Primary Care Trusts
PFI	Private Finance Initiative
PPP	Public Private Partnership
PRP	Performance Related Pay
PSA	Public Service Agreements
SDP	Social Democrat Party
SHA	Strategic Health Authorities
so-sn-sb-sb	'something old, something new, something borrowed and something blue'
TECs	Training and Enterprise Councils

TSCTF	Third Sector Commissioning Task Force
TTPF	Treasury Taskforce Private Finance
WAS	Welsh Ambulance Service

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CHAPTER 1

THESIS INTRODUCTION

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Section 1

Introduction

1997 was a watershed year in British Politics. After eighteen years of Conservative government, Britain elected an inexperienced New Labour administration, which inherited a country and welfare system arguably transformed forever by the New Right politics of the Conservatives. On the 5th of May 2005, the Labour Party won its historic third term. During the election campaign the Prime Minister (Blair 2005) pointed out that his Labour governments had shown that it was possible to deliver both economic prosperity and social justice. These achievements, he argued, confirmed the government's commitment to Labour's 'unchanging' values and represented a marked departure from the individualism and the neglect of public services associated with the Thatcher legacy (Labour Party 2005).

Blair (2002:860) during PM questions in June of 2002 emphasised his belief that New Labour had offered a clean and decisive break from the Thatcherite policies of the previous Conservative governments. "I am delighted that we have moved this country away from Thatcherism. The problem with Thatcherism is that it took no account of social division; it grossly underinvested in our public services; it did not care about unemployment; and it isolated this country in Europe. That is precisely why I am delighted that we have a new Labour Government today to put the situation right".

However, recent research by Bochel and Defty (2007:12) confirms that not only do eminent welfare researchers, such as Seldon (1994), Heffernan (2000), Le Grand (2002a,

2002b), suggest a return to welfare consensus or convergence but also 55% of their survey of current MPs believe the same.

What is a welfare consensus?

An examination of welfare consensus politics from Thatcher to Blair not only necessitates consideration of the content of that consensus, but equally raises the crucial question as to what is meant by the term ‘consensus’ in the context of welfare politics.

The definition of consensus in many respects defines a position in the consensus debate. Pimlott (1988) is on the extreme of definitions providing a broad and value laden definition. Consensus, for Pimlott (1988:130) is a term which means more than mere agreement. “Consensus is said to exist not when people merely agree, but when they are happy agreeing, are not constrained to agree, and leave few of their number outside the broad parameters of their agreement”. Furthermore, Pimlott (1988:130) suggested that consensus carries with it a value element as a positive thing, to be sought after and cherished: “people seek to ‘embrace’, ‘capture’ and ‘influence’ the consensus and are proud to claim possession of it”. Accordingly Pimlott (1988) concluded that the British post-war consensus outlined later in the introduction was nothing more than a myth. In contrast Thane (1982:267) does recognise the existence of a consensus, but suggested that the post-war Labour government “used its majority to push the consensus further towards its limits than might have been expected of a Conservative government”.

Other research has employed a more limited definition of consensus, which allows for broad areas of agreement within an adversarial political system. The most influential is Beer (1965) who was one of the first to identify a broad 'policy convergence' between the Labour and Conservative parties, while conceding the existence of marked differences between the main parties in the values which underpinned those policies. This more limited definition of consensus as policy convergence, or what David Marquand (1988) terms 'the philosophy of overlap', has been widely accepted.

Seldon (1994) suggests three distinct groups for the location of political consensus: party supporters, Whitehall officials and party elites when in office. Popular consensus among party supporters, Seldon suggests, is the most easily contested. There is, he argues, little evidence for consensus between grassroots Labour and Conservative supporters; rather, the further one moves from the party leadership the greater the degree of conflict between the parties. Seldon (1994:505) does, however, concede that for much of the post-war period there was considerable popular support for state welfare provision in particular and has strongly argued that public demands for social security and full employment were widespread and identifiable features of post-war Britain.

There is greater support for the idea of consensus among Whitehall officials. Public choice theory and the burgeoning literature on the civil service have long suggested that the continuity provided by the civil service is at the heart of the post-war consensus. Research from Addison (1975) has provided strong evidence for 'a Whitehall consensus', while Miliband R., (1983) has suggested that consensus was manufactured by senior civil

servants as a means of incorporating the Labour movement into the hegemonic values of the State. However, perhaps the most enduring interpretation is the idea of consensus among party elites. This interpretation, stressed in particular Kavanagh and Morris (1994), suggests that when in office party leaderships naturally gravitate towards the political centre ground and embrace consensual policies designed to retain parliamentary and electoral support. This view also allows for substantial differences between the anti-consensual statements of parties when out of office and policies pursued when elected, and differences of opinion between party leaderships and their backbenchers.

Accordingly, this thesis will seek to ascertain whether New Labour party elite have created or joined a second welfare consensus in British politics.

The 'Post War Welfare Consensus' 1945-1977

The period from 1945 until the late 1970s has frequently been depicted as being marked by a broad degree of political consensus in a range of policy areas (Bruce-Gardyne 1984, Kavanagh 1990, Gilmour 1992, Congdon 1993, Gamble 2003 and Coates 2005). While there were disagreements on detail, the broad parameters of the 'social democratic consensus' as outlined in Driver and Martell (1998:182) encompass: commitment to a mixed economy; full employment; conciliation of the trade unions; state welfare provision; and foreign policy (Kavanagh and Morris 1994). In the field of welfare this implied a general acceptance of broadly social democratic ideals including: firstly, a commitment to the maintenance of large government agencies, most notably the NHS, to provide welfare services to meet a range of social needs free at the point of demand;

secondly, continued expansion of state welfare provision as the economy grew; and thirdly a commitment to maintaining low levels of unemployment through Keynesian economic policies (Pierson 1991).

From 1945 to the late 1970s, while support for the welfare state was the subject of periodic intra-party debate, and the boundaries of state provision waxed and waned (mainly the former), the principles of the 'classic' welfare state were upheld by governments of either political hue and enjoyed widespread public support (Lowe 2005). Although the extent of welfare provision changed as new social problems emerged or priorities shifted, changes, as Taylor-Gooby (1991:23) observes, were mainly at the margins, "the core of the state welfare provision went largely unchallenged, either from left or right".

This broad consensus was put under increasing strain in the 1970s as stagnating economic growth led to rising unemployment, and demographic pressures created by an ageing population led to new and expansive patterns of demand for welfare provision. The Conservative government elected in 1979, influenced by New Right thinking, was committed to reducing the role of the State, promoting the private sector, and introducing free-market principles in the state sector. Thatcher rejected the politics of consensus in favour of conviction, openly dismissing consensus as 'the process of abandoning all beliefs, principles, values and policies' (Seldon 1994:502). The neo-liberal policies of the Thatcher government led many observers to proclaim the end of the post-war consensus.

New Left Labour, foundation for a new consensus?

Seldon (1994) observed, the emergence of the New Right was matched by a ‘new left’, as the Labour Party shifted to the left in response to Thatcherite policies, and a ‘new centre’ as the newly created SDP sought to occupy the vacant centre ground. Reviewing the consensus debate in 1994 following the removal of Thatcher and shortly after the election of Tony Blair to the Labour leadership, Seldon (1994:512) identified a new degree of ‘policy convergence’ between the Labour and Conservative front benches, which he suggested had brought them “closer on many issues than at any point since the 1970s”

Significantly, Seldon (1994) attributed much of this convergence to changes in party leadership. Major embraced a form of Conservatism much closer to the One-Nation Conservatism of Butler, Macmillan and Heath than the neo-liberalism of Thatcher, while Kinnock, Smith and Blair had each sought to shift the Labour Party towards a more centrist position. It is perhaps not surprising then that since New Labour’s election in 1997, debate about the emergence of a new consensus has intensified with many professing “Blair: is he the greatest Tory since Thatcher?” (Hall and Jacques 1997)

While the New Labour government elected in 1997 was committed to increased welfare spending, there was to be no return to a notional Golden Age of universal welfare provision. Although the pressures of mass unemployment have declined, the demands of pensions and health care for an ageing population continue to place considerable strain on the welfare state. These continued demographic pressures, coupled with pressures from

the global economy to drive down taxes and regulation, have led to a fundamental shift in Labour Party thinking regarding the principle of universal welfare provision.

The point, as some critics indicate (Mulgan 2005), is that the Blair/New Labour perspective on politics and welfare is effectively an ideological vacuum as well as being technocratic and pragmatic, rather than providing a series of core values that can easily define the nature of 'Blairism' (Coates 2005, Mulgan 2005, Short 2004 and 2005).

In office New Labour followed many of the policies of the previous Conservative government, including spending restraint, the importation of market principles into the state sector, and emphases on selectivity, individual responsibility and the role of work incentives in relation to benefits. The policies of the New Labour government, particularly in the field of welfare, have led some to suggest that since 1997 policy convergence has transformed into a new consensus between the main parties (Williams 2000, Taylor-Gooby 2001). Further critical studies of the Blair government, including Hay (1999), Coates and Hay (2000), Heffernan (2000), Panitch and Leys (2001) and Coates (2005), have suggested, as this thesis will, that the Blair governments have abandoned the Labour Party's historical and traditional values of community, solidarity and income redistribution and instead have replaced these with commitments to deregulated markets, competition, choice and individualism. The Blair governments have accepted the Thatcher consensus on trade unions reforms, means testing of social benefits, growing income inequalities and encouraging enterprise through lower corporate taxes. The 'critical' researcher's position is best summarized in Heffernan

(2000:27): “The politics of the contemporary Labour Party exemplify the Thatcherite reform agenda and the ability of the Thatcher and the Major governments to help recast the political agenda upon which current economic, political and ideological debates take place. All too often, where the Thatcher and Major led Conservatives have led, Labour under...Blair have gradually followed”.

Williams (2000), a former Whitehall civil servant, proclaimed the emergence of a new consensus about the role of the state in the 1990s driven by the need for national competitiveness in a global economy. This was achieved in part by fundamental reform of the welfare state aimed at containing public spending, shifting the balance towards services used by most of the electorate, controlling demands on welfare by encouraging claimants to enter the labour market, and modernising public services to raise productivity.

Taylor-Gooby (2001:147) has made a similarly convincing case for a new ‘liberal’ consensus on welfare by explaining welfare reform in the UK as a response to labour market change, demography and globalisation. He also places great emphasises on the electoral imperatives of Britain’s two-party system in which parties “tend to diverge while seeking an electorally viable solutions to problems, but converge on the “middle ground” when a solution that attracts support is found”. That solution, Taylor-Gooby, (2001:169) suggests, involves: widespread agreement on the retrenchment of spending, the promotion of privatisation in key areas, notably pensions; the targeting of benefits

through means testing and other restrictions; and the recognition of the importance of labour market activation through incentives, training and what is effectively workfare.

Kavanagh et al (2006), supported by Hennessey (2000) and Rose (2001), develops the 'critical' New Labour commentators agenda, arguing that Blair is comparable to two agenda-setting Prime Ministers (Atlee and Thatcher) as he has enjoyed similar conditions that helped their dominance. These include, a long period of office (he served longer than Attlee), a large parliamentary majority through all three terms in office as well as arguably a weak opposition, and without question, until recently, a favourable climate of opinion. Kavanagh et al (2006) develop this further by arguing that Blair inherited a more favourable economic legacy from which to enact their manifesto claims compared to Thatcher who had to address inherited economic problems. As Hennessey (2000) notes, Thatcher dealt with the serious problems of trade union power, inflation and declining economic competitiveness that had for some commentators raised questions of Britain's governability. New Labour, on the other hand, did not have an opportunity to triumph over a defining national crisis, although, ironically, his international one has been an unmitigated public relations disaster, and it is this one that history will record. Kavanagh et al (2006) argued also, as many commentators do, that Blair himself accepted Thatcher did little to change the inherited legacy and so felt the need to serve a third term to create a worthwhile legacy.

Thesis Synopsis

This thesis asks to what extent, after ten years in office, the Conservative legacy has been compounded by New Labour into a bipartisan consensus in welfare politics? In answering this question it is argued that there are two possible ways of defining 'bipartisan' – the true nature of the relationship between Conservative and New Labour policy-making depending on how different policy initiatives conform, or certainly approximate, to one or other.

First, it may be, as observed, that similarities in core policy areas are essentially superficial, masking clear differences beneath. Second, however, similarities could run sufficiently deep to justify the contention that welfare politics is effectively bipartisan. For example, in the parties' use of private sector provision has the role of private providers been fundamentally different under New Labour governments or much the same? Conversely, as research has suggested, it is possible that New Labour displays superficial dissimilarities from the Conservative legacy which dissolve once one gets into the substantive detail of the reforms themselves. Using the role of private sector involvement in health as an example, again there seem to be clear differences as the Conservatives granted choice to select care on wealth while New Labour has used wealth to create arguably a better infrastructure of care on the NHS. However, both parties share a philosophy of accepting the dominant and powerful role that the private sector can play in reducing the pressure upon a health service struggling to meet demand.

This thesis will also investigate the nature of welfare consensus and bipartisanship through a detailed examination of the phenomenon of *decentralization* in the areas of health and education, taking three sub-divisions of this term to provide greater analytical depth. First, 'marketization' aims at improving standards and accountability through the introduction of 'market principles' within public sector organisations to stimulate competition, usually through the introduction of a 'quasi-market'. Second, 'privatization' seeks to improve the quality of service and greater choice availability through the use of private sector agencies and investment which additionally attempted to counter the pressure upon the service. Third, 'diversification' aims at reducing pressure on state services through the introduction of preventative measures, for example, policies to contain levels of drinking and smoking in order to alleviate overuse of frontline health care. By allowing increased personal choice it creates a decreasing desire to use state services but instead use those of private, voluntary and community based care, consequently freeing space for those dependent upon state care.

All three have clear potential orientation towards increasing consumer or user choice. Gibson (1994:214) links this approach to 'modernity' which increases the emphasis upon desirability of individual as an "enterprise and free-market culture of the individualism the licence of choice dominates". This again presents evidence to some that the bipartisan approach to welfare is more deeply engrained and difficult to prevent rather than simply a New Labour policy decision, for example Hay (1999), Coates and Hay (2000), Heffernan (2000), Panitch and Leys (2001) and Coates (2005).

Despite evidence of bipartisan approaches there is also contrary evidence that New Labour recognised the shortcomings of the Conservative model of and certainly that of previous 'Old Labour' approaches, seeking instead the middle ground of a 'Third Way' politics which cannot be ignored.

Section 2 Exploring the origins of New Labour's politics

While my approach clearly emphasises decentralization, and its three sub-divisions within key public services, the general field of 'New Labour studies' is covered by other academics and commentators with research falling into two main approaches. First, those articles written during the first term that sought to show Tony Blair as 'The Best Conservative since Thatcher', or that New Labour was solely on a Third Way crusade. Second, from 2001 onwards, after New Labour's first term, there is a more detailed and policy oriented analysis of the New Labour 'legacy' considering their motivations and implications although those could be still be classified as supportive or critical.

With each year in office, New Labour draws away from any need to rely upon or use the inherited Conservative model of welfare unless this coincides with the Party's desired model of politics. After ten years in power there has been ample time to create a clear Third Way approach to welfare politics, the main questions being whether this has actually occurred, whether New Labour did not wish it to or whether the influence of path dependency was too great?

Path Dependency Theory

'Path dependence' is a term that has become widely used across a wide and diverse range of academic literatures from a simple assertion that 'history matters' to a complex mathematic theory associated with precisely defined situations. This section seeks to recognize those diverse uses and explain how the theory is playing an increasing role in explaining policy decisions in twenty first century politics. In particular, since the retirement of Blair, there has been increasing research that New Labour policies were path dependent due to the inherited legacy and increasingly those of Gordon Brown are in particular due to the inherited financial systems.

What is Path Dependency?

Recent methodological work in comparative politics and sociology has adapted the concept of path dependence into analyses of political and social phenomenon. Path Dependency has primarily been used in comparative- historical context to analyse the development and persistence of institutions. Greener's (2002, 2003, 2007) considerable work on the NHS expresses that path dependency refers to an approach that explains how policy can become so institutionalized and historically embedded that it becomes impossible to break from its established path. The concept of policy reform refers to any Future Scenario, which requires action by the government to correct market failures and stimulate growth.

The idea of path dependency was first elaborated for the study of technological change by David (1985, 1986, 1987, 1999, 2001) and Arthur (1989) to take into account the

possibility of a lock-in to durably inefficient solutions because of increasing returns and the influence of small random events. According to David (1985) and Arthur (1989), the choice of a technology is path dependent if it is non-predictable, difficult to change and inefficient. Arthur (1989) argues that a technology's market share depends not only on preferences and technical possibilities, but also on small historical events, which can lead to a lock-in because of increasing returns. Arthur (1989) considers that technologies display increasing returns because of two mechanisms: Learning by using, the more they are adopted, the more experience is gained with them, and the more they are improved and so the more they are adopted. Network Externalities or Coordination Externalities: the first adopters of a technology choose according to their own needs and preferences and impose externalities on the following adopters by not exploring promising but costly technologies, which could have brought higher returns to all later on. The combination of the role of small events and increasing returns may therefore lead to the domination and lock-in of an inferior technology.

Theoretical efforts in historical institutionalism have come a long way in disassembling the path dependency concept, logically distinguishing the different connotations of the term, and clarifying the ways in which the concept can be employed for analysis (Pierson 2000a, 2000b, 2000c; Thelen and Steinmo 1992) and distilled in two different research strands.

First, a research strand on continuity, persistence, and inertia uses the notion of path dependence to account for the continuity of patterns over time (Goodin 1996, Hannan and

Freeman 1989, North 1990, Pierson 1993, 2000b and Weir and Skocpol 1985). It asks why inherited institutions are so difficult to change and how they impact the perceptions and interaction of actors.

Second, a research strand on critical junctures, feedback loops, and lock-in is concerned with contingent events that trigger the emergence of entirely new development paths and may lead to the “lock-in” of new technologies or structures (Arthur, 1994; Mahoney, 2000; Pierson, 2000a, 2000b, 2000c). The interest here is the phenomenon where despite institutional inertia, entirely new institutional patterns are sometimes established.

Continuity, persistence and inertia

The starting point for many new institutional studies in the 1970s was the failure of convergence theories to explain the “persistence of cross-national differences despite common challenges and pressures” (Thelen and Steinmo 1992:5), such as the oil price shocks. As an economist, North (1990) sought to explain why convergence in socio-economic development was not as fast and complete as expected. His explanation hinges upon the idea that countries’ development paths are determined by their different starting points (North, 1990). A range of factors has been identified by researchers for persistence and inertia.

Intermediate-Level Institutional Factors: Thelen and Steinmo (1992:6) highlight “intermediate-level institutional factors—corporatist arrangements, policy networks linking economic groups to the state bureaucracy, party structures—and the role they

play in defining the constellations of incentives and constraints faced by political actors in different national contexts.”

Nested Rules: According to Goodin (1996), nested rules create predictability and stability. New policies must “often pass through multiple veto points, often requiring broad supermajorities”. The higher a rule is in the hierarchy, the more difficult it is to change. Sometimes, changes are even prevented by the constitution, “e.g. by providing veto power to those who would lose protections or privileges as a result of possible reforms” (Pierson 2000b:491).

Complementary Institutions: Coming from an economic perspective, North (1990) draws attention to how existing organisations shape incentive structures for current actors. As the various institutions in a context of action are designed to complement each other, incentive structures are stabilised and reinforced by coordination effects of complementary institutions, which may be nested as in the above example.

Non-Decision Making: Bachrach and Baratz (1962) point out that the status quo might be reinforced by what they call non-decision making, which is ensured by those who hold power in that they are in a position to prevent certain issues from rising on the agenda. In the context of this study, non-decision making would mean that those who have vested interests in maintaining the inherited structures can present themselves as less in need for justification than those who have to argue in favour of change. All the mentioned factors

stabilise the status quo by increasing the exit costs from the current institutional order, to which individuals and organisations are well adapted (Pierson 2000b).

Mental Maps: In addition to the direct constraining effect they exert, inherited institutions also determine the way ideas are processed and thus constitute a filter through which actors perceive their environment. In this way they influence the creation of mental maps (North 1990, Pierson 2000b) and shared mental models (Denzau and North 1994:3-4) which actors use to navigate in an environment characterised by complexity and uncertainty: Under conditions of uncertainty, individuals' interpretation of their environment will reflect their learning. Individuals with common cultural backgrounds and experiences will share reasonably convergent mental models, ideologies, and institutions (Denzau and North 1994:3-4). These mental maps are not necessarily self-correcting. Instead, "confirming information tends to be incorporated, while disconfirming information is filtered out" (Pierson 2000b:489). In recognising that rather than acting rationally, people act at least "in part upon the basis of myths, dogmas, ideologies and 'half-baked' theories", North and Denzau (1994:3-4) incorporate insights from cognitive psychology and sociological institutionalism.

Policy Legacies: Weir and Skocpol (1985:119) develop the related concept of 'policy legacies'. It refers to the view that the goals of politically active groups, policy intellectuals, and politicians can never simply be 'read off' their current structural positions. Instead, the investigator must take into account meaningful reactions to previous policies. Such reactions colour the very interests and ideals that politically

engaged actors define for themselves at a given point. From this perspective, “policy making is inherently a historical—that is, over time—process in which all actors consciously build on and/or react against previous governmental efforts for dealing with the same (or similar) problems” (Weir and Skocpol 1985:119). Past ideas and ideological struggles become part of the inherited context that “colours” present political debates and outcomes.

Critical junctures, feedback loops, and lock-in

In the literature on critical junctures, the perspective is reversed from how “institutions shape politics” to how “politics shape institutions” (Thelen and Steinmo 1992). The puzzle addressed by this research is why contingent events can have far-reaching consequences and what may lead to the ‘lock-in’ of entirely new and possibly unexpected institutional patterns. Researchers in this tradition hold that timing and sequencing matter, and highlight the existence of formative or critical moments in history that largely determine the subsequent pattern of events. In effect, small and unnoticed events may trigger “particular courses of action” that, “once introduced, can be almost impossible to reverse” (Pierson 2000a:251).

The social sciences literature in this field has strongly profited from importing economic explanations for the success of certain new technologies to the political realm. The issue was first raised by David (1985) who presented the puzzle of how the QWERTY keyboard came to prevail even though it was not necessarily the most efficient way of organising a typewriter keyboard. Arthur (1988, 1989, 1994) was the first economist to

come up with a formal explanatory model, using the concept of ‘increasing returns’. Simply speaking, increasing returns bring about path dependence because they affect that once a certain path has been chosen, the costs of switching increase more and more over time, providing an incentive for sticking to the chosen path even if in retrospect it might not appear the most desirable one. Arthur (1988, 1989, 1994) analytically distinguishes four different sources of self-reinforcing mechanisms, or increasing returns, associated with the introduction of new technologies.

1. *Substantial set-up or fixed costs*, which imply that unit costs fall with increasing production.
2. *Learning effects*, which mean that experience improves products or lowers their costs.
3. *Coordination* effects derived from cooperating with other firms in the same market
4. *Self-reinforcing* or adaptive expectations, which support the expansion of a technology that is expected to prevail.

Arthur (1988, 1989, 1994) also derives the properties of economies characterised by increasing returns, namely (a) multiple equilibria, which translate into unpredictability as many outcomes are possible; (b) possible inefficiency, implying that it is not necessarily the best or most efficient technology that prevails; (c) lock-in, which is equivalent to inertia; and (d) path dependence, which he uses narrowly to denote the phenomenon of

‘nonergodicity’ (Arthur, 1994: 112-113), i.e., historical ‘small events’ are not averaged away and ‘forgotten’ by dynamics—they may decide the outcome (Arthur 1989).

North and later Pierson argued that Arthur’s ideas can be transferred to the social and political realm, and applied to institutions (North 1990) as well as public policies (Pierson 2000a). If the adaptation of national degree structures is regarded as a public policy directed at institutional change, all four features of the increasing returns phenomena can be identified in the design phase.

One further expectation derived from these arguments deserves mentioning. According to Pierson (2000b:493), lock-in that results from self-reinforcing mechanisms has the tendency to depoliticise issues by rendering previously available alternatives implausible. When applied to this thesis’s research areas it could explain if a certain pattern of degree structures comes to prevail, adjusting to it will turn into a matter of sheer pragmatism and ideological considerations will become secondary.

How has path dependency been classified and adapted to politics?

Goldstone’s (1998:841) paper provides some clarification of what the path dependent term might mean in relation to other methods and theories of historical explanation. He notes that, if we are attempting to explain a historical phenomenon that emerges commonly from a variety of different settings or initial conditions, then ‘it would be bad practice to use a path-dependent model’. Instead, he suggests, we are witnessing convergence to an equilibrium solution. Equally, where we see a historical phenomenon

that emerges only occasionally, but from recognisably similar initial conditions, then we should seek a general law connecting particular initial conditions with particular outcomes, rather than claiming a path dependent situation. A path dependent situation, according to Goldstone, is one in which we are attempting to explain:

“A particular unique event, one that has occurred only once and then perhaps diffused or spread but did not repeat, despite similar initial conditions being found elsewhere, then one has most likely identified a path dependent system in which the unique outcome was produced by some contingent conditions or choices that separated the outcome in that particular system from outcomes in other systems that started from similar conditions”
(Goldstone 1998:843)

Mohoney (2001) takes Goldstone’s analysis further, considering a path dependent process to exist where it demonstrates three specific properties: first, where he have a largely contingent event that shapes the probability of further events occurring, we have the foundation of a path-dependent process. This relaxes Goldstone’s specification a little, relieving us of the burden of attempting to find similar initial historical conditions; in the case of organisations as unique as the NHS this is a difficult task. Second, the event that our system chooses must be related only stochastically to the ‘initial conditions’ of the system. This aligns with Goldstone’s approach by putting in place a requirement to demonstrate contingency between our initial conditions and subsequent events. Third; once the contingent event has occurred, we must demonstrate that subsequent policy becomes constrained so that it becomes relatively deterministic.

Such constraints can either be positive or negative in terms of their feedback mechanisms. Where positive feedback mechanisms exist, policy is constrained by reproductive mechanisms. These feedback mechanisms might act, for example, to further the representation of existing policy elites, making it more difficult for others to enter the policy process. Negative feedback mechanisms, on the other hand, which force policy back onto a given path by the intervention of factors that preserve the status quo. Where attempts to introduce new ideas into health service organisation, as in the reform process leading up to the 1974 reforms in the UK, are continually vetoed by the medical profession, we can see a strong negative feedback process in place.

Path Dependency Theories of Pierson

The consistent name flowing through this section on path dependency is Paul Pierson. His theories have been applied to American, European and British governments to considerable acclaim. It is therefore important for this thesis to be aware of the illuminating situations that may be well explained by examining self-reinforcing structures outlined by Pierson (2004). For example, various national economies develop divergently, and, rather than taking advantage of each other's successful strategies, produce very different situations. "Once in place, institutions are hard to change, and they have a tremendous effect on the possibilities for generating sustained economic growth. Individuals and organizations adapt to existing institutions. If the institutional matrix creates incentives for piracy, North observes, then people will invest in becoming

good pirates. When institutions fail to provide incentives to be economically productive, there is unlikely to be much economic growth” (Pierson 2004:27).

Pierson (2004) argues that the political sphere is particularly subject to self-reinforcing behaviour. He outlines four mechanisms that render the political particularly influenced by whatever the current state of affairs is. They are: “(1) the central role of collective action; (2) the high density of institutions; (3) the possibilities for using political authority to enhance asymmetries of power; and (4) its intrinsic complexity and opacity... Each of these features makes positive feedback processes prevalent in politics”. (Pierson 2004:30)

Collective action problems make path dependency because both politicians and constituents (or any political actor) are largely unable to act alone, and must constantly assess the winning strategy, and what is perceived as the winning strategy. This privileges existing organizations, giving established parties, coalitions, and institutions the distinct advantage of clearing the first hurdle of viability.

When effectiveness can be found in groups, and groups are hard to form (and political organizing is insufficiently agile), then those groups' existence will tend to exhibit self reinforcement. The internets, and blogging, however, are becoming an increasingly productively destabilizing force, giving ad-hoc coalitions and unproved institutions an equal voice, where reputations matter less than well sourced convincing arguments. The internet also reduces the amount to which political activism involves collective action problems: there is a rather low barrier to participation (digital divide notwithstanding).

Broader participation and competition means greater alternatives, leading to more agility and easier transitions, meaning we're less likely to stay stuck on some self-reinforcing pathway.

A dense realm of institutions similarly exists around parliament and government; they sort of approach being the essence of the institution, the defining meta-institution, comprised of departments about departments, creating the conditions for all other institutions. With such far-reaching work, this complex of institutions will be justifiably risk-averse, weighted down by the seriousness of their task, and the high price of failure. The sheer mass of institutions at play gives reform a much higher cost rendering them path dependent.

Third is the “possibilities for using political authority to enhance asymmetries of power”. Parliament is full of power begetting itself, as is government generally. Societal expectations, checks, and balances are supposed to help define the terms of the equilibrium controlling this power. The legislative and executive periodically switch in dominance, as do the parties. An information-empowered electorate, helping to reign in self-reinforcing political power structures, enhances the incentives created by elections.

The last political mechanism of path-dependence is “its intrinsic complexity and opacity” Pierson (2004:30). Complexity and opacity make political institutions and agents less susceptible to any societal pressure, which is more likely to be mediated through sympathetic agents (the media, lobbyists). While complexity is often necessary, and has a

high cost of shedding, it can be countered by information availability. In other words, while the Lords procedures provide an effective shield against criticism for questionable votes only as long as those procedures are hard to explain. In so far as parliament is inscrutable, it's less likely to feel real pressure, and more likely to reinforce itself. In so far as the Internet helps make parliament scrutable and transparent, pressure becomes productive.

To recapitulate on the path dependency concept, the research strand around inertia and persistence seeks to explain why institutions are hard to change and to study the effects of stable institutions on the interaction of actors within the structuring framework they provide. This perspective could be criticised for explaining only why institutions do not or hardly change, instead of giving clues for how they do; these shortcomings are highlighted by different authors (Thelen 1999, Thelen and Steinmo 1992). The conceptualisation of path dependence stressing contingency and feedback-loops seems particularly suited to explore the dynamics of emerging from the complex interaction of national and international developments. The following chapters reviewing health and education policy will help to present evidence which could be argued to demonstrate New Labour's path dependent policy, although this synopsis will be critiqued in chapter four.

Is New Labour Third Way Politics?

It is important to grasp the rationale behind the Third Way, a political philosophy pioneered by New Labour and favoured by other centrist democratic leaders that is committed to preserving the values of socialism while endorsing market policies for generating wealth and dispelling economic inequalities (Giddens 2002:701). The rationale is expressed most fully in the writings of Anthony Giddens (1985, 1990, 1994, 1998, 2001, 2002a, 2003a and 2003b).

Giddens articulation of the 'Third Way' aims at taking progressive politics beyond the traditional dividing lines of left and right while at the same time meeting the demands of the global economy and the objective of advancing social justice. This is summarised in Giddens (1998:preface) where he states that "The Third Way represents the renewal of social democracy in a world where the views of the old left have become obsolete, while those of the new right are inadequate and contradictory. A new social democratic agenda is emerging that is integrated, robust and wide-ranging. It is an agenda that can rekindle political idealism" supported by Blair himself in 1995 when he stated that Labour's social policies would and should "cross the old boundaries between left and right, progressive and conservative" (Driver and Martell 1998:2). Rejecting both the old left and the new right, the Third Way is presented by Giddens as 'a radical centre'. In this way Giddens (1998:18) identifies the Third Way as a relational concept to be found in between, but not equidistant from, the traditional left and the neo-liberal right summarised in the below table.

Table 1 The Third Way

<i>Social Democracy (Old Left)</i>	<i>Neo-Liberalism (The New Right)</i>	<i>The Third Way (The Centre Left)</i>
Class politics of the left	Class politics of the right	Modernising movement of the centre
Old Mixed Economy	Market fundamentalism	New mixed economy
Corporatism: state dominates over civil society	Minimal state	New democratic state
Internationalism	Conservative nation	Cosmopolitan nation
Strong welfare state protecting from cradle to grave	Welfare safety-net	Socialist investment state

Source Giddens (1998:18)

The core of Giddens' account of the contemporary condition of global society is his identification of 'reflexive modernity' as lying at the heart of a transformation of knowledge and social arrangements. What reflexive modernity involves in a new era of global communications and global networks is a break with traditional 'certainties', whether religious or ideological. Today ontology's and epistemologies are insecure, leading to 'post-modern' proclamations such as the end of the individual and ethics. But for Giddens the crucial factor is that reflexivity provides the basis of new possibilities for arriving, through dialogue, at fresh social and political definitions, especially those arising from the "primacy of problems of a global kind" (Giddens 1990:150).

The origins of Giddens' thinking on the Third Way lie in his critique of historical materialism, (Giddens 1985), and his alternative account of the dynamics of global society and the global knowledge economy, (Giddens 1990). Compared with his highly regarded earlier work, Giddens' later work, including his account of the Third Way, is sometimes regarded as 'Giddens-lite'.

Yet the case for the Third Way is firmly grounded in Giddens' earlier work. Giddens (1994) provided a bridge between his previous conclusions and his later writing on the Third Way. As Mouzelis (2001:436), by no means an uncritical supporter of Giddens remarks: "unlike most other 'progressive' thinkers, he squarely sets aside all expectations of a transition to socialism and concentrates on the much more relevant problem of the humanisation of capitalism". Giddens' argument is that, with the collapse of state socialism and the triumph of market mechanisms and the new importance of the knowledge economy, there is today no political alternative to the Third Way and that, indeed, this is now becoming accepted by social democratic parties globally (Giddens 2001).

For Giddens the Third Way – and in the UK New Labour – is, for the time being at least, the only show in town that is capable of responding realistically and progressively to modern requirements, including the reform of the welfare state in health and education (which are covered in later chapters of this thesis). Giddens views are developed by Naidoo (2000:25) who argues that distinctive above all in the Third Way is its dual nature: its mix of marketization, the introduction of "market relations between and across various sites in society". On the one hand, it is concerned with "equity" and with "social justice", and on the other, with the intention of "deflecting the most corrosive effects of market forces through state regulation and state support".

How does the Third Way influence welfare policy?

Page (2007) argues that because New Labour has abandoned socialism, this has important implications for its approach towards the welfare state and a Third Way in four main ways. First, New Labour has distanced itself from the ‘without a song in their heart’ welfare strategy, favoured by influential party advisors in the 1950s and 1960s which was intended to challenge market imperatives (Ellison 1994). For New Labour, social policy should always work with rather than against the grain of the economic system. As outlined in Taylor-Gooby (2004:574) they are keen “to develop an approach whereby welfare policy supports rather than obstructs the operation of a market system, and contributes to the economic goal of competitiveness in a more open national economy”.

Second, New Labour no longer supports the idea that the welfare state should operate in ways that narrow material inequalities. Third, New Labour rejects the idea that those working in the public sector are more likely to put the welfare of those they serve above their own monetary or other interests. As Le Grand (2003:39) observes, “there has been a gradual erosion of confidence in the reliability of the public service ethic as a motivational drive and a growing conviction that self-interest is the principal force motivating those in public service”.

Fourth, New Labour has dissociated itself from the idea that universal social services should be defended because of their potential for enhancing social cohesion. The idea that such services might provide the means of making us feel good about ourselves, our

society, and our fellow human beings is rejected. According to Blair (2003c), while citizens continue to value the principle that services such as education and health should be free at the time of need, they do not want services that are uniform and undifferentiated at the point of use and unable to respond to their individual needs and aspirations. For New Labour a modern, non-socialist welfare state should be efficient, effective and consumer oriented. It should also seek to enhance opportunities for all and curb unnecessary forms of welfare dependency. Ball-Petsimeris (2004:176) argues that the Third Way accepts the needs of global markets but adds key elements of social well-being; principles which find widespread support amongst the British electorate.

Table 2 The Third Way

	<i>Liberalism</i>	
<i>New Labour has taken ideas on</i>		<i>New Labour has rejected</i>
<ul style="list-style-type: none"> ▪ Private choice ▪ Enhancement of human capacities ▪ Furtherance of legitimate individual interests ▪ Respect for human rights ▪ A concern with human well-being 		<ul style="list-style-type: none"> ▪ Extreme libertarianism
	<i>Conservatism</i>	
<i>New Labour has taken ideas on</i>		<i>New Labour has rejected</i>
<ul style="list-style-type: none"> ▪ Productivity ▪ Material well-being ▪ The moral authority of a single order of common norms ▪ The notion of overriding individual duties towards society ▪ A romantic engagement with lost values 		<ul style="list-style-type: none"> ▪ Emphasis on past customs ▪ Marginalisation of enabling political action
	<i>Socialism</i>	
<i>New Labour has taken ideas on</i>		<i>New Labour has rejected</i>
<ul style="list-style-type: none"> ▪ The ideas of groups, translated into different levels eg family and community 		<ul style="list-style-type: none"> ▪ The idea of class as a group

Source: Ball-Petsimeris (2004:176)

It is clear to see the influence that Giddens (1998) had upon early New Labour policies. Giddens is critical of the ideology of the Conservative model of politics, which created an “exclusive society” one that excludes those whom the market has rejected or cast aside. Giddens on the contrary wants the “Third Way” to establish an 'inclusive society' - one that seeks to include all its members as equal citizens.

Giddens' (1998) “inclusive society” contains six major interconnected characteristics: equality as inclusion, limited meritocracy, renewal of public space, beyond the “work society”, positive welfare; and the social investment state. Those characteristics point to government which accepts the influences beyond their control and works to use them to their advantage and, in short, is looking for government “without enemies” ‘...respond to globalization....expand the role of the public sector...retain its [own] legitimacy...re-establish direct contact with citizens....[and]... regulating risk’ (Giddens: 1998:72-77).

New Labour’s dedication to reducing ‘social exclusion’, evident from 1997 with the creation of the exclusion unit and still, in 2006, with the appointment of Hilary Armstrong as exclusion minister, has a clear basis in Giddens Third Way programme. New Labour has followed a work based society in an attempt to create ‘positive welfare’, most famously in the New Deal where benefits are linked to the individual’s dedication to working oneself out of welfare dependency with support from the government.

The seeds of New Labour’s discourse may be found in the report of the Commission on Social Justice (1994) whose role to New Labour’s Third Way approach has been

identified for example by Andersen and Mann (1997), Levitas (1998), and Pierson (1998). This body was established during the Labour leadership of the late John Smith as a semi-official, arms-length sounding board for policy. The report set out three potential approaches to social and economic policy. The ‘Levellers’—the Old Left—were seen as concerned with the distribution of wealth, but neglecting its production. Social justice is to be achieved primarily through the benefits system. The ‘Deregulators’ believed in achieving social justice through reducing public services and freeing the markets, which would deliver extremes of affluence and poverty. The Commission’s preferred alternative was for the ‘middle way’ of ‘Investor’s Britain’, which has parallels with Giddens (1998:117) view of the third way as being “investment in human capital wherever possible, rather than the direct provision of economic maintenance. In place of the welfare state we should put the social investment state, operating in the context of a positive welfare society”.

The key characteristics of an Investor’s welfare state, outlined in the Commission for Social Justice (1994), is seen in the four main areas which linked economic and social policy, created an active, preventive welfare state, and recognised the centrality of work and the distribution of opportunities rather than income as a theme, also in Hutton (1995) and Albert (1993). Hutton (1995) exemplifies this debate arguing that centre left politics is now concerned with which model of capitalism is best rather than a comparison with socialism emphasising for example the desirability of Japanese capitalism with its emphasis upon work and governments building consensus. The Commission on Social Justice (1994:p1) declared that social justice and economic efficiency are ‘two sides of the

same coin'. Social justice is 'good for businesses' illustrated, for example, in the work of Driver and Martell (1998:57). This squares with the stress that New Labour places on education and welfare-to-work.

For example, as Blair argued, "education is the best economic policy there is" (quoted in Driver and Martell 1998:58). Blair (1998) later added, as did Byers (2000), that "the main source of value and competitive advantage in the modern economy is human and intellectual capital". Hence the overriding priority of New Labour is giving to 'education and training' even as Blair's reign as Labour leader drew to a close. New Labour seeks to move from a passive to an active, preventive welfare state moving away from the NHS being largely concerned with 'repair' instead being more active in preventing illness, ensuring people do not fall ill in the first place. This links directly to this thesis's decentralization conviction, reinforced by Miliband's (1994:88-9) argument that the traditional welfare state was socially active when citizens were economically passive but "Today's welfare state must be active throughout people's lives...Welfare has to be preventive rather than ameliorative, economic as well as social: the most potent social policy is a successful economic policy".

The role of work, or more specifically paid work, is central to the New Labour project based upon the social justice model which has been outlined by Driver and Martell (1998), Jordan (1998), Stepney et al (1999) and McLaughlin et al (1999) alongside the overtures of the Giddens (1998) Third Way as discussed above. The Government's aim is therefore to rebuild the welfare state around work, penalising the work shy outlined

within months of taking office “Our ambition is nothing less than a change of culture among benefit claimants, employers and public servants—with rights and responsibilities on all sides. Those making the shift from welfare into work will be provided with positive assistance, not just a benefit payment” (DSS 1998:23–4) which again placed emphasis upon decentralization of welfare.

Poole and Moody (2006) supported by Lund (2008) present a somewhat different perspective for New Labour’s adoption of a Third Way, which is derived directly from the critical theorist approach. As is now well documented, the Third Way incorporates two concepts of considerable interest to us here, given their central importance to New Labour’s ‘modernizing public services’ agenda. The first, ‘best value’, links to neo-liberal agendas around improving efficiency and value for money. The second, ‘what matters is what works’, reflects New Labour’s increased interest in achieving improvements in public service effectiveness and quality, which may have the additional effect of making resources go further. These concepts have, in part; enabled New Labour to claim that it is driven by pragmatism as opposed to ideology, which itself needs to be seen in the context of two key assumptions that underpin New Labour thinking and policymaking.

The first concerns globalization and, closely related, the issues of efficiency and the cost of welfare. Here New Labour adopts, in the eyes of Poole and Moody (2006) developed from earlier work by Watson and Hay (2003), a particular understanding of globalization,

which constructs it as an irresistible force that is beyond the control of nation states either individually or collectively.

New Labour presents the ‘modernization’ (and managerialization) of society as a necessity in the drive for maximum flexibility and good quality human capital to meet the demands of a global economy. Therefore, whilst the emphasis is clearly placed upon the enabling or opportunity state, the key objective is to enhance competitiveness and profitability. The second assumption concerns the perceived need to drive for ‘national renewal’, which has at its heart the task of marrying values and responsibilities to the notion of rights and once again centres on a reconceptualization of the role of the state as the enabler, regulator and facilitator of change. However, New Labour speaks to a national renewal agenda that assumes a national interest. In this approach, the nation and ‘the people’ are understood as undifferentiated, uncontested concepts. The strategy, then, centres on the activation of partnerships as if they involve equally powerful players, all striving for the same outcome (Poole 2000).

This so-called *pragmatic* approach calls for the further obscuring and reconstruction of the public–private distinction in public services in the interests of ‘modernization’ and ‘public’ service quality, something that has already been reflected in the increased interaction between the public and private sectors in recent years and developed further by Brereton and Temple (1999). It also works to obscure another agenda – one of making Labour *the* party of business, the party capable of delivering increased opportunities for capital in the emerging welfare industry (Whitfield 2001), irrespective of the implications

for public service users and the taxpaying public. In effect, as argued by Jones and Novak (1999), New Labour is seeking to 'retool' the state, in order to facilitate a change in the process of providing public services that favours business interests *first and foremost*. Indeed, partnerships, including those between public and private sector stakeholders and comprising 'responsibilized' partners, both enabled and policed by government through the process of audit (with its focus on performance evaluation and procedural compliance), can be seen as an example of new modes and structures of governance.

The government is seeking to redefine the state and its roles and responsibilities and transform the relationship between 'those parts of the public and private sectors that are involved in the provision of "public" services' (Kerr 1998:18–19). It should be noted however, that the audit processes are presented as 'an independent evaluative practice that would safeguard taxpayers' money and provide a countervailing influence to the problem of producer domination of service provision' (Clarke et al 2000:253). Hence, it can be seen to have two functions: to enable the government to demonstrate that new forms of governance are serving the public interest whilst operating as a mode of control allowing surveillance; and supervision of the partners involved, by the authoritarian centre with its business-oriented agendas.

The audit process thus enables New Labour to imply that the reconstruction of public services with the private sector at its centre is 'safe in their hands' (comparing favourably with both the *laissez-faire* approach of leaving everything to the market and the state dominated approaches of 'old' Labour). However, as Fairclough (2000) argues, although

the focus seems to be on the idea of ‘partnership’, there are very clear links to neo-liberal privatization discourses, particularly apparent when seen in the context of other public service developments. Indeed the term ‘partnership’ seems to offer little more than a ‘favourable gloss’ to what may otherwise be seen in more negative terms by party members and the electorate in particular, raising the question of how safe public services really are in the hands of New Labour. This is apparent not only in the secondary school sector but also in higher education, which is being prepared for increasing commercialization in the context of the GATS framework –a case of the ‘public subsidy of profiteering’ in higher education (Nunn 2002).

Poole and Moody (2006), ‘hypothesize’ that whilst New Labour has presented the ‘modernization’ of public services in terms of ‘what works’, ‘best value’, ‘partnership’, ‘consumer choice’, this is something of a smokescreen for the Party’s managerialist and privatization-centred agenda. This is presented as non-political and practical (when in reality it is inherently political and ideologically driven) seeking to open up new opportunities for business in the public sector. Indeed, it seems certain that there will be opportunities for edubusiness and other welfare-focused private agencies to maximize profit-making opportunities through GATS, which will be outlined in the comparison chapters.

Section 3 *How have other researchers covered this topic?*

At the start of New Labour's term in office researchers placed much emphasis upon explaining the 'red landslide' of 1997 matched by great scepticism of the differences between the departing Conservatives and incoming New Labour party. Research by Norris and Evans (1999:xxix) highlights the position that the 'red landslide' of 1997 was created by Conservative Party failings rather than New Labour excellence. "The 1997 election can be most plausibly regarded...as an expression of negative protest against the 18 years of Conservative rule, prompted by the pervasive problems of sexual and financial sleaze, internal leadership and the sense of economic mismanagement which affected the Major administration after the 'Black Wednesday' ERM debacle". A perception illustrated and supported by the "Essex Model of Voting" (Saunders 1997).

New Labour became defined during its early years under some classic acronyms coined for example by Le Grand (1998)—CORA (community, opportunity, responsibility, accountability), Lister (1998)—'RIO' (responsibility, inclusion and opportunity), PAP: pragmatism and populism (Powell 2000) along with the famous quotes that "New Labour government will not amount to anything more than a Crypto-Conservative administration" (Hall and Jacques 1997). Lord Patten (2000:861) quotes Hutton (1999) on how Third Way politics under New Labour has been tarnished by its PR orientated politics: "The difficulty is that it (*The Third Way*) is inextricably associated with New Labour and thus too readily written off as another vacuous PR stunt. Tony Blair has released a barely read Fabian pamphlet, while Tony Giddens, the director of the LSE, has produced a small book. Both works have been dismissed as purposeless guff; substance-

free, New Labour meanderings lacking rigour and whose only purpose is to justify the party's temporising". The Earl of Northesk (2000:879-881) continued by quoting Riddle (2000) who added that the Third Way was simply under Blair a means of securing electoral votes. "Blairism appears as an ideological vacuum, an electoral rather than a governing strategy. Policy is merely a response to polling and presentation, to the need to find 'eye-catching initiatives'".

However, with time came more analysis of actual policies, moving away from media hype and spin. One of the first analytical accounts of New Labour was written by Driver and Martell (1998, 2000). This placed considerable emphasis upon the notion of a 'politics after Thatcherism', the suggestion being that there could be no turning back to Old Labourism simultaneously stressing overtly the belief in New Labour's creation of a Third Way resting on the back of its success in winning electoral office.

This view is countered by Hall (1998), who argues, conversely, that New Labour is a continuation of Thatcherite Conservatism, a view that is supported by Rubinstein (2000). Rubinstein (2000:161) claims to be "challenging the orthodoxy...of Driver and Martell that New Labour has broken from the Labour Party's past", arguing instead that New Labour objectives are similar to those of Attlee and Wilson administrations. In concluding, Rubinstein (2000:167) asserts, as does this thesis, that ongoing social change has influenced the political outlook and approach of all parties: "society has changed and political parties inevitably change with them".

Conversely, Driver and Martell (1998:29) have argued that Communitarianism is “at the heart of New Labour's post-Thatcherite politics” because it combines a critique of post war social democracy with a critique of liberalism. At one and the same time, they suggest, Communitarianism represents 'New Labour's answer to Thatcherism' and 'Blair's rebuff to Old Labour'. In respect of welfare they, and a number of other writers, have highlighted the ways in which Communitarianism's emphasis upon duties, commitments and responsibilities has underpinned New Labour's moves to link benefit entitlements to the fulfilment of specific conditions regarding personal behaviour (Driver and Martell 1997, Dwyer 1998, Dwyer and Heron 1999, Lister 1998a).

Also significant, however, has been the influence of Communitarianism in reinforcing particularly Tony Blair's preoccupation with rebuilding popular support for welfare through moral argument and the promotion of an 'enlightened self interest'. This is developed by Hills (1998), tracing the role of a Conservative legacy upon New Labour over its first 12 months in office. Hills (1998) identified four primary parts to the somewhat negative Conservative legacy with its increasing dependency culture on state welfare, and a polarization between the rich and the poor.

A quarter of national income was spent on the welfare state by the Conservative Party, which is neither a high figure in European terms, nor one which had grown over the previous two decades. Despite a series of measures to keep its growth in check, rising unemployment meant that the Conservatives had not succeeded in cutting back the overall scale of the welfare state a theme also developed in the research of Le Grand and

Vizard (1998) and Glennerster and Hills (1998). However, Hills (1998) argued that the constrained budget, alongside rising needs and aspirations, had meant a perception of a system which was failing to achieve what people wanted. Critically, however, important parts of the system remained popular, and their benefits were spread widely, limiting any government's reform options.

Second, Hills (1998) addresses the role of the private sector within welfare, concluding that this in fact did increase over the Conservative years of 1979-1997, reflecting deliberate Conservative policies perhaps most particularly in education under Thatcher and health under Major, also identified in Evans (1998). However, this increase in role was more important for service *provision* (private sector rise 41 to 49 per cent of all welfare expenditure) than in terms of *finance* (rise 27 to 31 per cent). The overall picture is one of gradual, rather than rapid, privatization of welfare activity, perhaps checked by the loss of office in 1997.

Third, means-testing became much more important under the Conservatives as far as housing and cash benefits were concerned, with consequences for some work incentives. However, other factors meant that there was little overall change because overall income distribution benefited from welfare services. The most dramatic and marked change outlined by Hills (1998:12), was in the polarization of social housing, which through the sale of council housing and progressive loss of social housing stock, increasingly housed only the poorest. In 1979 the Conservatives inherited a country in which 42 per cent of all individuals lived in social housing. Of these, just under half were in the poorest two-

fifths, but 40 per cent were in the top half of the income distribution. By 1995 only 23 per cent of the population were living in social housing, but by now three-quarters of these were in the poorest two-fifths, and only 16 per cent in the top half. Hill (1998) argued this had increased pressures towards geographical polarization, in turn providing the foundation for some of New Labour's priorities in tackling social exclusion which were started within months of taking office for example with the creation of the Social Exclusion Unit.

Finally, and perhaps most damning of all for the Conservatives' legacy, was the fact that inequality increased dramatically in the 1980s, and 1990s reflecting both underlying factors, such as technological change and the skills of the workforce, and government policies, for instance towards social security, taxation, unions and minimum wage protection. Over the whole period from 1979 to 1995, the incomes of the poorest 10-20 per cent were little or no higher in real terms, despite overall income growth of 40 per cent identified, in Stuttard (1998) and covered in depth by the work of Evans (1998).

Ellison and Pierson (1998, 2003), in a similar approach to Driver and Martell (1998, 2000), developed their approach around a belief that the world financial climates contributed to New Labour and Conservative's (or crisis in their case) success of in achieving office and their choice of policies as well as the increasing influence of globalization. They conclude that the policies introduced were predictable in approach, outlook and desire if not in actual words or timing. Updated in 2003 after six years of New Labour, the same authors clarified their belief that the introduction of a Third Way

approach created three main drivers upon policy linked to those outlined in the later substantive comparison chapters of this thesis, in particular point two.

Firstly, the refusal to be influenced by traditional ‘public good, private bad’ socialism which allowed Blair’s governments to alter spending patterns by focusing state spending on core policy areas, ring-fencing certain services while leaving others to the rigours of the market. Secondly, Labour developed new methods of welfare organization....Public, private and voluntary sectors were encouraged to work in partnership with service users to build strong, inclusive communities. Thirdly, the stress on communities that led New Labour to alter the conditions of treatment for certain groups of citizens in certain areas of welfare...increased means testing or, equally, efforts designed to modify the behaviour of those whose activities and lifestyles were deemed to be wanting.

Gage and Rickman (1999:18) develop this thesis and examined the core question of New Labour’s approach to welfare within the topic of health by arguing that the inherited system as a whole had created this failure was not based upon any specific political approach. “In summary, regardless of the system, patients are unlikely to be empowered until administrative restrictions, capacity constraints and information deficits are removed and until GPs have appropriate incentives to internalise information about patient preferences. Whatever their other strengths may be, it is not obvious that PCGs deal with the first three of these issues any better than fund-holding, and they may worsen the situation with regards the last one”.

Powell's (2000:57) work recognises the similarities and differences between the two parties, which were created by the Thatcherite legacy inherited by New Labour, ensuring that the similarities are predictable, perhaps path dependent or inevitable in most cases. "New Labour generally has a clearly distinctive approach from Old Labour. Some clear trends of policy convergence with the Conservatives can be noted, particularly in the areas of public expenditure, the mixed economy of welfare and welfare-to-work". However, it may be more accurate to use the term 'policy adoption or adaptation', as Labour realized that in many cases it would be difficult to turn back the clock to 1979. Labour had inherited a welfare landscape not of its own making. Its pragmatic response was to accept or modify the reforms that appeared to work, and reject those that did not" which has similar overtones to the conclusions of Daniel (1998) and McKibbin (1997) to New Labour's use of the Conservative inheritance.

Le Grand (2002), updating his work of 1997 and 1999, argued that quasi-market success was unachievable due to overregulation and control by the Conservative governments. Le Grand (2002) suggested that New Labour had converted back to the Thatcherite theory of the internal market, and that many of the criticisms of the internal market amounted to an argument that the Conservative failure was a failure to go far enough. In this second phase under New Labour, the purchaser/provider split remained with greater emphasis on competition (hard) as opposed to cooperation (soft), but with pressures of volume rather than price competition.

There have been some moves towards a direct (patient choice) and external (private and Continental Europe) quasi-market. Yet the market structure remains fairly non-competitive. Powell (2003) observed that, while in opposition and during its early years of government, New Labour advocated a 'Third Way' of pluralism without competition, reluctantly retaining the purchaser/provider split. However, aiming to replace the market and competition with planning and cooperation perhaps accepted the lessons of the past with modern Third Way thinking based on evidence of the success and failure of old fashioned left and right politics. Powell (2003:737-738) provided a graphic illustration of the similarities between Conservative and New Labour health models, tracing the rise of marketization through typology, definitions and conditions for success. This arguably represents the first attempt to provide evidence for reaching a conclusion on this topic while the tabulated scheme adds substance to this thesis with its evidence that the timescale selected to review this question is critical to the conclusions reached.

Greener (2003), developing arguments first presented by Powell (2003), suggested that New Labour's quasi-market in health had a rather confused pedigree. In terms of our typology, it bears great similarity to the Conservatives' compulsory competitive tendering of the 1980's, as they both leant towards hard, direct and external categories, although, with its uniform prices, New Labour's quasi-market bears some similarities to the NHS proposed in 1944. Paton (2003:3) again supported this thesis as "What both Tory and New Labour health reforms have in common is the search for an amalgam of increased efficiency and quality".

Gray (2004) developed a similar theme emphasising that, after seven years in office, New Labour is truly a continuation of the Conservative Thatcherite legacy in politics let alone welfare. Indeed, it was Howard and the new Conservative leader David Cameron who seem to be leading a mini-revolution against her legacy. Gray's (2004) conclusions fit comfortably with this thesis, suggesting that there is little 'new' about New Labour. Instead it is a culmination of seeing "success" around the world of Clinton and wanting to be part of that success. Gray (2004:44-45) states "to define New Labour in terms of its policies is to misunderstand it. Certainly there is a pattern to New Labour policy-makingit is very much a continuation of trends in the governments of Thatcher and Major...Blair hardly has policies at all...over a wide range of issues Blair's practice has been to float a proposal, assess the response to it and then float another proposal...evident in education policy with ministers' plans on the future of A-levels and university top up fees changing shape daily". Gray's (2004) assessments are regarded as an extreme view of Blair and New Labour but his position does have evidence with fellow academic supporters offering rather similar if rather less strident views.

Jary (2005:640) extends this topic into New Labour's record third term in office covering this subject through education by outlining six ways in which New Labour has created its own legacy as a reflection of its overall welfare politics. For example, by increasing student numbers and offering improved research funding as a means of improving economic competitiveness and expanding personal and social benefits from higher education. Furthermore, widening participation, aimed at achieving improvements in social justice 'as well as human capital', was matched with increased 'student

contribution' to the funding of higher education. This was seen as necessary to expand and fund mass provision and also to support financially poorer students. Simultaneously universities had to provide greater accountability and improved management of higher education and support for enhanced professionalism, while improved responsiveness of higher education (including targets and 'resource competition' and emphasis on partnership and knowledge transfer) should follow.

Perhaps most controversial of this New Labour legacy is the encouragement of increased private funding, control and dependence which many see as a Thatcherite privatization principle taken to its extremes. Jary's (2005) conclusion sits comfortably with this thesis. The Conservative legacy presented and prepared the opportunities and groundwork for New Labour policies. Although, in 2009, this legacy can no longer be described as a Conservative one but a New Labour one as their policies have compounded and taken that legacy to its logical next level.

Page (2007) addresses New Labour at the very end of its tenure outlining that, since it came to power in May 1997, criticism has been levelled that it is no longer following the democratic socialist path laid out by the Attlee, Wilson and Callaghan governments. However, New Labour believes that adherence to a doctrinaire political philosophy is ill suited to contemporary economic and social realities. Accordingly, it has opted to govern on a 'non-ideological' pragmatic basis. To this end, it has sought to ensure that the welfare state operates in a way that complements, rather than conflicts with, economic imperatives. While New Labour continues to maintain that the welfare state should be

used to tackle opportunity barriers, it no longer believes that the task of the welfare state is to extend opportunities for selflessness, enhance social solidarity or deliver greater equality of outcome.

Mullard and Swaray (2006) develop the topic still further suggesting that as New Labour have been in power their activities have taken them away from being classified as a Thatcherite government based on their public investment record. This conflicts with the position of Powell (2000) and presents the clearest challenge to the bipartisan doctrine.

Clear differences in policy priorities, can be demonstrated in the way that New Labour has targeted health, education, housing and the environment, while Conservatives have focused on defence, law, and order. Mullard and Swaray (2006) do, however, agree that the inherited legacy has created much of New Labour's policies seen on a negative level as 'repairing' the Thatcherite break in continued expansion of health, education, housing and social security. The Blair government has provided additional resources for health, education and social security. Sure Start, the minimum wage, working families' tax credits and increases in child benefits have mainly benefited the bottom 10% of income earners.

In the context of these 'achievements' Mullard and Swaray (2006:514) make the case that "it would therefore be misleading to locate the Blair government as a form of continuity with the agenda of Thatcherism. In the specific context of public expenditure it can be pointed out that the Blair governments have at a minimum started to put into reverse

nearly two decades of under-investment in public provision and have also started to deal with issues of poverty and income inequalities”.

Section 4 Methodology

Research methods shaped by politicians

The starting aim of this thesis had been to undertake interviews allowing increased primary data on which to validate the findings of researchers. While, a logical assumption that through diligence and hard work this would be possible having seen similar research through background research, the method proved ultimately to be an unsuccessful time consuming exercise with all requests politely rejected.

Goldstein's (1999, 2003) articles on research into political elite's shows that the problems faced in this thesis are not uncommon, whether the researcher is based in the UK, USA or even Europe as Rivera, Kozyreva and Sarovskii (2002) paper shows. As Goldstein (2003:699) quite rightly states "Frankly, 'getting the interview' is more art than science and, with few exceptions, political scientists are not particularly well known for our skill at the art of 'cold calling'. Even the most charming political scientist may find it difficult to pick up the phone and call the offices of powerful and busy government officials or lobbyists and navigate through busy receptionists and wary schedulers".

The consistent reason for rejection in this thesis was that the researcher was not a 'constituent' of the MP or that the answers could be found upon press releases or blogs already written by the MP. These reasons are not easily overcome without challenging ethical questions of misleading the intended interviewee by sending requests through a third party residing within their constituency.

Bochel and Defty (2007) research into United Kingdom MPs' consensus attitudes suffered similar problems despite having the benefit of building upon the work of Bochel and Taylor-Gooby, which surveyed MPs' attitudes to welfare in the late 1980s, at a similar stage in the life of the Thatcher government (Taylor-Gooby and Bochel 1988, Bochel 1992). They conclude that any attempt to construct a representative sample of parliamentary opinion is largely dependent upon the willingness of MPs to agree to lengthy face-to-face interviews, a view supported by Lilleker (2003). Despite their reputations, only sixty eight MPs were interviewed over a fourteen month period.

Research on political elite's shows that status and opportunities of the researcher are also critical to reaching positive responses. Rivera, Kozyreva and Sarovskii (2002) study demonstrates that when being able to conduct the research under the auspices of a major institute or with the backing of a respected individual in their field responses to requests increased dramatically. They summarize that "The fact that the study was being undertaken in association with an authoritative, well-established institution seemed to assure respondents that the research was genuinely intended for academic purposes" (Rivera, Kozyreva and Sarovskii 2002:689). In a study of Yugoslav opinion leaders conducted in 1968, the role of having appropriate "legitimizers" is also clear (Denitch 1972:153). In China, however, interpersonal connections and relationships were found to be more crucial than official channels in obtaining access (Hsu 2000:Ch. 3).

Another helpful factor in their success Rivera, Kozyreva and Sarovskii (2002:685) note was that the occupational status of the interviewers, by and large professional researchers,

was roughly equivalent to many of the respondents. This they suggest appeared to foster mutual understanding and convince respondents that their answers and comments would be understood. In much the same way, Aldridge (1993) notes that emphasizing the congruence between his occupational status as an academic and that of his respondents facilitated access, rapport, and high-quality responses. Clearly, as a post graduate student undertaking an MPhil, this thesis does not have that possibility.

As a counterweight, some political elite researchers recommend conveying to respondents that you've "done your homework" on them so that the extent of preparation for the interview causes respondents to take you seriously (Richards 1996:202–203, Zuckerman 1972:164–66). However, with hindsight it is possible to concur with the views expressed by Denitch (1972:154), whose interviewers in the Yugoslav context gave no indication that they knew anything about the backgrounds of the respondents. Revealing knowledge about the interviewees, he contends, might raise too many doubts about anonymity. The approaches made emphasized that the thesis was well established and had strategy planned as to who it wished to approach. It is possible that in suggesting the planning was in place, the potential interviewee could simply suggest greater research of their previous speeches.

One possible ethical solution based on the knowledge and expertise created from this thesis would be to form an alliance with student and staff at Oxford or Cambridge University. Oxford and Cambridge have a strong influence within the Civil Service with

an average of 9% of staff in each department having been educated there, and around 40% on the fast track scheme (Hansard 1998: vol 308 cc711-5W).

Former students and Heads of the Civil Service, including the current in November 2008 have visited Oxford and Cambridge to hold 'fast tracking' days, open seminars, open student question session and opportunities to submit written questions to them. These present unique opportunities for students at those universities, while the geographical basis of LSE allows those students to fall within the access criteria for ministers which Oxford students would not have.

Again, Rivera, Kozyreva and Sarovskii (2002) study shows the importance of being able to approach with adaptable possibilities. If the interviewee is able to speak to who they want be that male, female, English, American or Russian then they found positive responses increased. Clearly, an individual student is limited in his applications so with hindsight, a far more detailed, strategic and nationally based approach of student partnering, pooling skills, resources and data collected could help students to overcome the limitations and preventions they face to gain the primary data evidence.

Additionally, other researchers of elites have found that while introductory letters were of limited use and it was necessary to approach potential interviewee by telephone. White et al (1996:310) concluded that once a pass had been granted to interview one, it proved useful simply to appear unannounced at the offices of other respondents who were located in the same institution. In most cases, White et al. (1996:310) found requests

made in person increased the likelihood that the target respondent would agree to an interview.

'Primary' documentary evidence in thesis

The one positive reply received from the initial requests to Party Leaders, MPs and cabinet ministers, surprising given the above, was from the Conservative leader David Cameron who made clear the importance of audio and electronic sources of speeches, statements and letters written as a primary source collectively known as documentary evidence.

This advice was to play a critical role in shaping the research methods around the collection of documentary evidence in particular the primary on which other researchers material could be placed in context. Bryman (2004:386) supported by Prior (2002, 2004) and McCulloch (2004), notes that the state is a source of a great deal of information of potential significance for social researchers. It produces a large amount of statistical information (quantitative data) and textual material such as Acts of Parliament and official reports increasingly available to the general population through the internet.

After reviewing the options, the advice and level of material now available within a documentary format I decided that working with documentary evidence presented the best option. In particular, emphasis was placed upon the internet documents which allowed access to primary source material within parliament without the need to visit the House of Commons library. Until ten years ago, all records of speeches, debates and

select committee findings were only stored within the library, available for purchase but with the advances of technology, records under New Labour have now been transferred to an on line library making more readily available. There is indeed an emerging literature surrounding the use of electronic media in academia (Wild and Winniford 1993, Huff and Sobilloff 1993, Berge and Collins 1995, Pitt 1996, Parnell 1997) for its use as a research tool primary advantageous in speed of access to statements, press releases and government policies/select committee findings for example. Careful consideration of these new methods is needed if they are to be used effectively in the social sciences.

How has documentary research been integrated into this thesis?

Robinson (2000:11) supported by Coles (1997) states that any research thesis query must involve searching to identify information that will answer it. Because of the proliferation of sources, particularly where the Internet is concerned, the problems will almost certainly lie in the selection and organisation of a large amount of material, rather than a difficulty in finding anything at all. Robinson (2000:11) identifies that the initial stage is the construction of an intellectual framework within which to fit the material found, and thereby to make sense of it adapted as the process progresses, by considering and assessing material found from initial searches.

Assessing documentary evidence

There are four criteria outlined by Scott (1990:6) for assessing the quality of the evidence available from documentary sources: Authenticity, Credibility, How Representative, and Meaning.

Authenticity: There are several guidelines for assessing a document's authenticity in particular whether the document may contain obvious errors, or is not consistent in its representation. Do different versions of the same document exist and have the document has been in the hands of a person or persons with a vested interest in a particular reading of its content?

Credibility: This refers to the extent to which the evidence is undistorted and sincere, free from error and evasion. Are the people who record the information reliable in their translations of the information that they receive? How accurate were their observations and records? To achieve this, researchers may employ other sources, and question the political sympathies of the authors.

How Representative: The issue of whether a document is *typical* depends on the aim of the research. If the researchers are concerned with drawing conclusions which are intended to argue that there is a 'typical document' or 'typical method' of representing a topic in which they are interested, then this is an important consideration in order to demonstrate how one interpretation of an event predominates to the exclusion of others. However, 'untypical' documents may be of interest.

Meaning: This refers to the clarity and comprehensibility of a document. While meanings change and the use of words varies, social context enables understandings. Here, meaning can be divided into intended, received and content/internal meaning.

Creation of a research framework

Gibson and Meade (1996:144) suggested that creating such a framework is equivalent to setting a context for the resources found, while identifying four forms of general framework categorisation, which are documentary specific: by subject; by format; by location; and by type of material.

The type of framework, in which resources are initially categorized according to their meaning, in general terms seems particularly suitable to a documentary evidence -based thesis (Robinson 2000). Consideration of possible frameworks of this sort (based on examination of a variety of examples of subject guides, backed up by searching of relevant bibliographic databases and of the Internet) leads to the conclusion that the most generally useful one is an adaptation of a 'traditional' library/information framework, based on structure of literature. Robinson's (2000:17) framework design and formula was the nucleus of this thesis in particular once the interview route had been found to be closed.

There is then the question of how resources are identified at each level, again in three ways: personal knowledge; expert advice and searching. *Personal knowledge*: under normal circumstances, the compiler of a resource list will have some subject expertise, and therefore some knowledge of resources. Within this thesis, having undertaken an undergraduate extended essay within a similar welfare topic, this provided a strong starting point for knowledge on the topic and Tertiary and Secondary sources of information.

Expert advice: this implies advice of subject experts above and beyond that of the research, for example Ministers, Civil Servants directly involved with the policies being considered.

Searching: the third means of identifying items for the list. As outlined above this thesis placed great emphasis upon searching government and minister's website for evidence supporting the thesis synopsis or for identifying limitations to the synopsis through the evidence that expenditure has been different.

Classification and identification of documentary evidence within this thesis

Identifying the resources to be put into the framework will inevitably be, to some extent, a subjective process, depending on the subject knowledge and experience of the compiler. However, if the framework suggested above is used, this will provide an outline procedure to be followed, as an aid to making the procedure systematic. The basic principle is to begin with the higher level resources, and use them sequentially following listings, references, hypertext links etc. – to find those at lower levels. Thus, quaternary resources are used to find tertiary, tertiary to find secondary, secondary to find primary.

Resources are classified essentially according to their distance along the communication chain from the original 'raw' material. Bryman (2004) classifies documentary evidence three ways, with *primary, secondary and tertiary sources* while Robinson (2000) introduces a fourth *Quaternary* which refers to access to resource listings at a high level,

not always subject specific but topical: bibliographies of bibliographies; listings of library catalogues and organizations. *Quaternary* resources made up the initial background work on the topic and its key words for the first three months of the research. This exposed the limited research undertaken into this topic in particular within an education context as well as the multiple meanings for certain key terms so specific effort has been taken to clarify this thesis's understanding of terms. Additional sources for material were derived from references within welfare state core reading of which the most important proved to be Giddens, Ellison and Pierson, Pierson and Craib.

Tertiary: rather diverse sources, which aid the use of resources at other levels; although they do not always carry 'subject' information. In the context of this thesis, these have been bibliographies, reading lists, location lists of periodicals, lists of abstracting and indexing services, library catalogues which have helped to source and identify primary and secondary sources. *Tertiary* resources evidence within this thesis was derived from background work including library search from key terms for journals, books and resources identifying three main sources of relevant research papers on this topic LSE, Emerald.com and ingentaconnect.com. Access to the full database of papers was found to be limited in particular to Emerald and intergentaconnect.com due to the university membership status which would prove critical information when collecting the papers for analysis. Having already undertaken an undergraduate extended essay within a similar field of research, time was spent studying to identify the main researchers in that essay and cross checking them against those identified through new searches. This process, confirmed once again Hills, Le Grand, Taylor-Gooby, Driver and Martell and Powell as

being prolific researchers within the welfare state context. The cross checking process advocated by Robinson (2000) also produce two excellent leads in identifying Crouch, Greener within health, Jary and West within education as having played the greatest role in the debating New Labour's role in welfare state politics.

It was also discovered that far greater access was available to government documentation since the introduction of the Freedom of Information Act. This allows for any documentation and key statistics quoted within papers to be located and in the majority of cases be brought up to date through present day government data.

The distinction between primary and secondary evidence is not always evident or accepted. Marwick (2001:156) provides a conclusive definition as to the separation to between the two sources of evidence. "The distinction between primary and secondary sources is absolutely explicit, and is not in the least bit treacherous and misleading...The distinction is one of nature-primary sources were created within the period studied, secondary sources are produced later...from studying the period and making use of the primary sources created within it".

Secondary is therefore outlined in Robinson (2000) as 'worked over' knowledge, which helps organises the primary material in some way has in this thesis been through researchers abstracts; journal articles reference works for the bibliography which created the nucleus of the bibliographic review within a thesis.

Secondary sources within the thesis are based around the articles, journal and books of Hills, Le Grand, Taylor-Gooby, Driver and Martell, Crouch, Greener, Jary, West and Powell. This would provide a basis on which to challenge the primary evidence could be challenged or supported. Great emphasis was placed on researching critiques of researchers highlighted to ensure a balanced approach with the work of Greener in particular providing increasingly critiqued by Ross. Where the on line provision of papers was not permitted by the university membership rights, applications directly to the researchers or their aids proved to be more successful than ministerial approached if heavily time consuming for three papers received.

Primary is the original information, in whatever form it takes, and has focused pre-prints (paper and electronic); government reports; government data tabulations; ministerial diaries; memoranda, letters, email messages between ministers Marwick (1977:58 and 2001:160-183). *Primary* source material is evident throughout the research chapters of this thesis derived from detailed analysis of Hansard and those available through www.official-documents.gov.uk. Hansard was selected in particular due to its complete coverage of Parliament and House of Lords as well as its reputation for being accurate about the words spoken. Through other sources and personal contacts it has been possible to obtain letters from the Prime Minister to his incoming minister for Education and Health explaining their policy strategy.

The advice of David Cameron, Civil Servants and MPs to look at ministerial blogs and websites presented a wealth of primary evidence of their experience on the topics

providing the basis for quotations on the core arguments of this thesis. Increasingly, websites are being used as a means of communication with those unable to see the discussions and speeches live so present excellent sources of valuable primary data.

From all the available Green, White and Consultation Papers it was possible to cross check and analysis with the secondary source research material to select ten examples, which clarified New Labour and Conservative overall policy strategies concerning health and education.

Table 3 Selected Health Policies

Patients Firsts	1979 Thatcher Conservatives
1982 Reforms	1982 Thatcher Conservatives
NHS Community Care Act	1989 Thatcher Conservatives
Working for Patients	1990 Thatcher Conservatives
Patients Charter	1991 Major Conservatives
Strategy for health in England	1992 Major Conservatives
The New NHS: Modern and Dependable	1997 Blair New Labour
The NHS Plan	2000 Blair New Labour
Shifting the balance of power in NHS	2001 Blair New Labour
Shifting the balance of power in NHS	
"The Next Steps"	2001 Blair New Labour
Delivering the NHS Plan	2002 Blair New Labour
Diversifying local health and social care'	2006 Blair New Labour
Our health, Our care, Our say'	2006 Blair New Labour

Table 4 Selected Education Policies

Education Act	1979 Thatcher Conservatives
Education Act	1980 Thatcher Conservatives
Jarrett Report	1985 Thatcher Conservatives
Education Act	1988 Thatcher Conservatives
Further Education Act	1992 Major Conservatives
Dearing Report	1993 Major Conservatives
Education Act	1993 Major Conservatives
Education Act	1997 Major Conservatives
Excellence in Schools White Paper	1997 Blair New Labour
Teachers: Meeting the challenge of change	1999 Blair New Labour
2001 Schools – Achieving Success White Paper	2001 Blair New Labour
2004 Higher Education Act	2004 Blair New Labour

Select Committee Reports and Findings have been a primary source as they present not only their findings but the raw data on which to consider whether those findings were correct.

Treasury Select Committee Reports offered a critical source for providing statistical and graphical evidence on which to consider the synopsis that Expenditure of New Labour and the Conservative challenges the bipartisan approach conclusion. Both reports provided excellent sources of data on which to take the core findings of researchers and to consider whether time has challenged or indeed strengthened them.

The overriding objective of all resources used within the thesis has been to present a wide spectrum of evidence as up-to-date as possible, from sources that assist in overcoming the

shortfalls of documentary research while ensuring that coverage is given to evidence from 1997 right through to 2007 which proves crucial when considering this thesis's overall conclusion. Letters between the PM and incoming ministers, minutes from private meetings are also used as a means to provide sources that are not always readily available to other researchers so provides an additional strength and originality to the evidence behind this thesis's argument.

Countering the limitations of documentary evidence within this thesis

There are several criticisms of documentary research methods connecting back to Scott's (1990:6) rigorous set of criteria against which all documents must be gauged. First, it is almost inevitable that authors of documents will decide to record and leave out information informed by their social, political and economic environment of which they are part. Historical documents, therefore, are open to manipulation and selective influence. In undertaking documentary research, researchers should be aware of these influences and not assume that documents are simply neutral artefacts from the past. Indeed, uncritical readings of texts can reproduce and reinforce marginalisation of groups, such as the working class, women and ethnicities.

Second, while new technologies (e.g., the internet) offer possibilities for acquiring documents, researchers have to exercise a critical reflexivity since much of the documents on the internet are produced by powerful political, cultural and economic groups, who want to ensure that particular images reach the public domain, and wish to counter bad images with more favourable representations. Thirdly, more generally, using

documents without due consideration to the process and social context of their construction, leaves researchers open to the charge of being unreflective and uncritical in their 'readings'.

This thesis counters this limitation in part by confirming documents used and quoted from to primary official government documents and acknowledgeable sites sourced in the main through on www.official-documents.gov.uk. For example, the use of Hansard for statements on key thesis topics by ministers and MPs, use of treasury papers for expenditure statistics, use of select committee findings and personal 'open' letters for first hand ministers thoughts on tasks. The authenticity and depth of Hansard has rarely been challenged by MPs, while select committee findings, treasury and personal letters can be placed within the political context they are written and compared against outside agencies statistics.

Within this thesis' welfare topic, the level of material available on the Select Committees and other policies introduced during the Conservative governments in particular from 1979-1995 on-line is extremely limited. Therefore, greater emphasis has to be placed upon Secondary and Tertiary sources, in particular previous printed research evidence on Thatcher and Major welfare politics. Hansard statements by ministers, specific select committee findings, white papers and government reports from the 1970-1996 have to be purchased (at around £10 per paper), there is a financial limitation upon the depth of primary material that can be obtained from that period. Careful consideration of any documents relevance highlighted through the secondary and tertiary framework stages

has to be made before any purchase. New Labour's, which are in the main freely available on the internet allows for unlimited reviews, analysis searches and synopsis to be considered on around twenty three documents before selecting policies highlighted as core policies for the analysis chapters listed above.

Methods Summary

To recapitulate, the methods used in this thesis have been heavily influenced by the responses both negative and positive from politicians approached in 2006/7. Once the interview route had been proved as unsuccessful, the thesis placed increased emphasis instead upon written primary documentation. When considering the evidence for successful political elite's research requests, it is unlikely that those factors could have been replicated in this thesis. Accordingly, this thesis has in effect become engaged in contemporary history but without the advantage of oral testimony.

With the growing nature of the internet and online library's it proved a workable switch to primary documentary evidence as it was still possible to access some unique opportunities for example copies of personal letters between ministers and Prime Ministers.

To select from the proliferation of sources available on the internet, the thesis placed emphasis upon the construction of an intellectual framework (Robinson 2000:11) within which to fit the material found, and thereby to make sense of it adapted as the process progresses, by considering and assessing material found from initial searches. This

framework played a major role in shaping the sources selected which were then judged against the criteria's of authenticity, credibility, how representative, and meaning set out by Scott (1990:6). This led to an emphasis upon primary documentary sources available through the House of Commons library and Hansard which will be evident throughout the next three chapters.

Section 5 *Chapter Summary*

This thesis argues that despite, its public statements to the contrary, New Labour has pursued a bipartisan approach to welfare based on its acceptance of the core values and inherited infrastructure of the Conservative legacy. This belief will be developed through the next two substantive comparison chapters on health and education and will rely on primary documentary evidence to demonstrate the nature and structure of bipartisanship. In particular, it will be important to examine whether superficial similarities have quite marked differences ‘under the surface’ or, conversely, whether superficial *dissimilarities* show quite marked similarities once one gets into the detail of the reforms themselves. Chapter four will then consider how this compounded bipartisanship has been created by numerous factors, including the inheritance, situations and events, some out of their control, such as the influence of path dependency or the impact of ‘Globalization’ for instance, with others also caused by seeking ‘centre ground voting winning’ policies in creating the welfare state of 2007. The chapter will also provide a critique of the possible role of path dependency in shaping New Labour policies, while analysing New Labour’s ‘social policy legacy’ and exploring how a decade of welfare reform is beginning to impact upon welfare policy in 2009.

CHAPTER 2
ANALYSIS OF HEALTH CARE
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	<i>Marketization</i>	<i>Pages 109-125</i>
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Section 1 *Introduction*

*Deregulation of Control **not** Authority*

This chapter is the first of two which make direct comparisons among the policies introduced in the course of 1979-2007 considering the level of compounded bipartisanship in marketization, privatization and diversification of health care. Expenditure is compared as it poses the main challenges to the bipartisanship debate. New Labour will be shown in this thesis to have invested heavily post 1997 in health, arguably as a consequence of the lack of investment under the Conservatives (Le Grand 2002b). To aid comparison, ten core policies have been highlighted as representative of the Conservative and New Labour governments' overall strategic approaches to health. These will be expanded by further sources from interviews, academics and government documents.

Table 5 Selected Health Policies

Patients Firsts	1979 Thatcher Conservatives
1982 Reforms	1982 Thatcher Conservatives
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Research into health policy by the main commentators, for example Le Grand (2002a), Powell (2003), and Paton (2003), draws directly upon the same papers. The choices are neither original nor unexpected though the conclusions reached may be slightly different as, with time, has come evidence to challenge conclusions reached back in the early days of New Labour when judgements, predictions and heavy speculations were required.

The fundamental theme running throughout the selected papers is ‘decentralization’, a defining feature of a Thatcherite Government elected in 1979 to “roll back the state”. Within welfare, Vrangbæk (2004:1) defines this process as “the transfer of formal responsibility and power to make decisions which affect the production, distribution and/or financing of public goods from a smaller to a larger number of geographically or organizationally separate actors”. Its central role for the Conservatives is evident within their Government’s first White Paper on its public spending plans which began with the bald statement that, “Public expenditure is at the heart of Britain’s present economic difficulties” (HM Treasury 1979:1). Compounded are both parties’ increasing provision of choice (service, facilities and treatment) being handed to the patient or ‘consumer’, making the health service responsive to the patient’s needs and wishes. This is demonstrated by the creation of a ‘Patients Charter’ and secondly, most significantly, the structural reforms contained in the Community Care Act while New Labour has superseded these papers with the NHS Plan (and its subsequent updated papers) and the series ‘Shifting the Balance of Power’ which place choice or ‘availability’ as a focal point.

The traditional pattern of the NHS was altered by creating incentives for change, patient choice, competing providers, active purchasers, and money following the patient. New financial flows, reflecting more accurately where patients were treated, attempts to increase patient choice, modifying the mix of disciplines that delivered care (and the registration of therapists as 'allied health professionals'), foundation trusts, the concordat with the private sector, NHS Direct plus walk-in centres and the development of electronic records. New Labour, as had the Conservatives before them, looked at what could be learned from managed care organisations in the USA, such as Kaiser Permanente (Light and Dixon 2004:763).

The characteristics of *Kaiser Permanente*, an integrated managed care organization based in Oakland, California include integration of funding with provision of service, integration of inpatient care with outpatient care and prevention. Focus on minimizing hospital stays by emphasizing prevention, early and swift interventions based on agreed protocols, and highly coordinated services outside the hospital. Teaching patients how to care for themselves, emphasis on skilled nursing and patients' ability to leave for another system if the care received is unsatisfactory.

As will be outlined throughout this chapter these characteristics became central aims of policy principles first under the Conservatives but more formally under New Labour assisted by the decentralization process. Hutton J., (2003:134W) written answer to parliament confirms that the NHS is using the Kaiser Permanente as consultants. "Eight PCTs are also participating in a non-contractual mutual learning arrangement with Kaiser Permanente as part of the transformational change programme".

This is further extended by Hutton J., (2003:57WH) later that same year confirming that Kaiser were seen as having solutions to critical problems within the NHS. “I have been to California and talked to senior managers in Kaiser Permanente and I have no doubt whatever that the NHS can learn from some of their management approaches, particularly in the area of chronic disease management, which is one of the biggest health care challenges that the NHS faces. We have to up our game in relation to chronic disease management, and there is plenty of evidence to suggest that Kaiser Permanente has some of the solutions to that problem”.

Within marketization Britain saw the introduction of ‘quasi-markets’ into former state run monopolies, described as ‘Markets’ because they replace monopolistic state providers with competitive independent ones. ‘quasi’ as they differ from conventional markets in one or more of three ways: non-profit organizations competing for public contracts; consumers’ purchasing power either centralized into a single purchasing agency or allocated to users in the form of vouchers rather than cash; and, in some cases, the consumers represented in the market by agents instead of operating by themselves (Le Grand and Bartlett 1993). Other writers however, stress slightly different features. For example, Harden (1992) claims that an internal market has three interlocking aspects: the creation of incentives to greater efficiency; the delegation of decision-making responsibilities to lower levels; and the principle of money following patients.

Contained within privatization is the introduction of private funding or private assistance to the state NHS system, explicit within selected papers. A striking feature of the UK public sector reforms of 1979-97 was the emphasis on administrative, rather than political, decentralization which resulted in a fragmentation of the public sector into its constituent “business units” with great similarities to New Zealand (Walsh et al 1998).

The state was no longer to be the sole supplier or monopoly but would act as enablers, made explicit within the Griffiths Report (1988:para 3.4) which was catalyst for the 1989/1990 reforms that forever changed the face of British Health Care. Diversification included two main elements. First, the new direction that the NHS and the Health Services which, during the 1990’s, moved away from simply providing care into prevention and education to reduce the causes and symptoms creating the pressure upon the service. Second, it is correlated to the desire to withdraw the NHS from providing care to all patients, finding alternative care whether that is private, public or voluntary, producing a ‘mixed economy of care’ linking into marketization principles.

All three parts of decentralization share the desire to reduce pressure upon the NHS medically (provision of treatment and care) as well as the government from the expense and inability to solve the growing ‘inverse care law’ (Tudor-Hart 1971). The New Labour government is, as a consequence, willing to ‘roll back the state’ while retaining a ‘top-down’ authority chain of command as ‘external decentralization’ compared to ‘full decentralization’ as found for example in Brazil and Spain (Walsh et al 1998). This aligned to institutional failures highlighted by Gage and Rickman (1999), namely lack of

medical staff and acute hospital beds driving an over dependence upon a private sector, itself inadequately staffed by part-time NHS staff producing a 'self fulfilling cycle of failure' that neither the Conservatives or New Labour were able to break.

Section 2 *The Conservative Legacy*

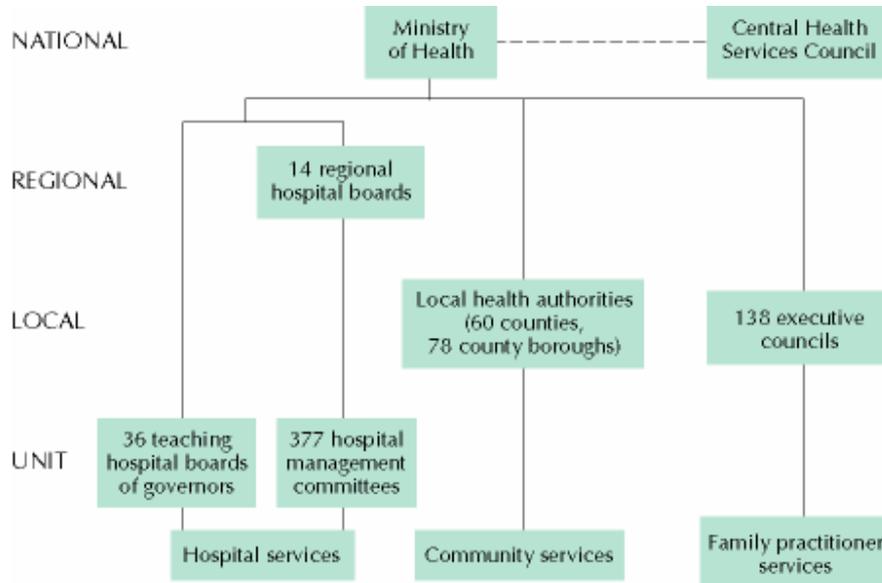
The Conservative inheritance

Summing up health prior to 1979, Griffiths (1983:12) stated “If Florence Nightingale were carrying her lamp through the corridors of the NHS today she would almost be searching for the people in charge”. Inheritance would go on to play a critical role in shaping the Thatcherite strategy to Health Care.

The growth in UK public expenditure reached a peak in 1976. However, after the IMF visit of that year the Callaghan government implemented major reductions in capital expenditure. The restraint of public expenditure continued during the years of the Thatcher government set on ‘rolling back the state’ including the running of the NHS whose management and philosophy would never be reversed.

The classic NHS outlined in the below diagram can be described as a hierarchical or monolithic “command and control” structure.

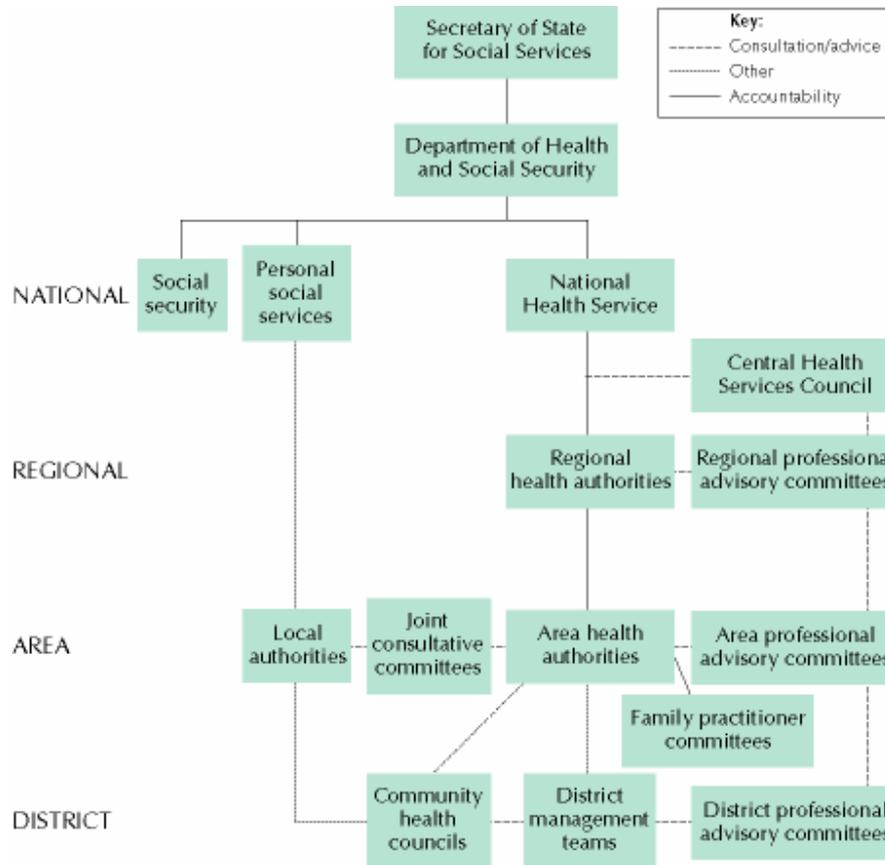
Figure 1
NHS 1948 –74 Structure
“Classic NHS”



Source: The Bristol Royal Street Inquiry (1998: A: Chap 2:9)

It became a planned system in which residents in an area tended to use their local district general hospital (DGH) in a system of hierarchical regionalism as outlined in the below diagram. However, there were limited elements of competition. IPPR (2001) points out that, after salaries for the family practitioner services (FPS) of general practitioners (GPs), dentists and opticians were ruled out, these groups were private providers or independent contractors. For example, GPs are independent contractors, largely paid by capitation (the number of patients on their lists), who have as much in common with self-employed small business people as with salaried employees of the NHS. There were also larger elements of professional networks offering the suggestion that the classic NHS should be viewed as a “quasi-hierarchy” (Exworthy et al 1999, Exworthy 2000).

Figure 2
NHS 1974-1979 Structure
“The Conservative Inheritance”



Source The Bristol Royal Street Inquiry (1998: Annex A: Chap 2:24)

Nevertheless, the classic NHS was more of a hierarchy than a market, and had no purchaser/provider split and no price competition. The classic NHS tended towards being indirect, with the “gentleman in Whitehall” knowing best and, with the exception of the FPS, internal. As the aim was to build up a planned hierarchical system, the competitive structure should have declined over time. There was little motivation for competition. Indeed, there were perverse incentives as noted by Le Grand (2002) in that GPs could offload patients to hospitals, and hospitals that treated extra patients or patients

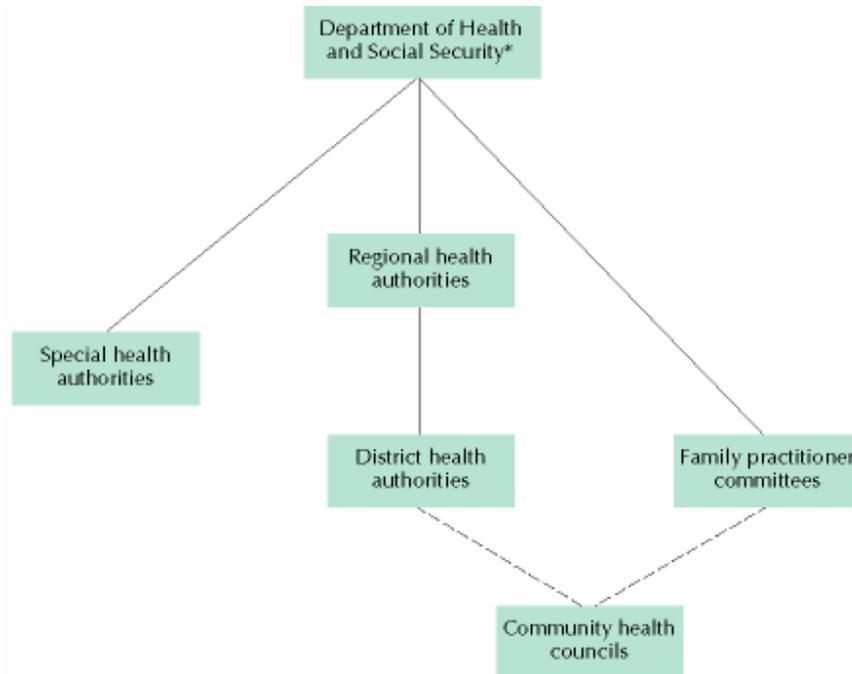
from outside the local area would soon reach their budget allocation. Equally, NHS doctors, with private practice, could reduce their NHS workloads and increase their private income if patients “went private”, effectively producing top specialities as GPs had little incentive to accept high workload patients. The drive for competition was to become the hallmark of the Conservatives whose reforms would arguably introduce irreversible change to British health care system.

1979-1997

Conservative Governments: deregulation to Quasi-Markets

The 1980's saw some injection of competition in the FPS with a 're-modification' of dental and optical services, and with the proportion of GP income from provided services (such as immunization) increasing, as opposed to that from capitation. In secondary care, under a policy of “compulsory competitive tendering” (CCT), hospitals were forced to place their ancillary services, such as catering and cleaning, out to tender, making CCT hard, direct and external in our terms. There was embryonic competition with an increase in the cross-boundary flow of patients operating a form of ‘*quasi-market*’ (Timmins 2001). Providers claimed that, with fixed budget allocations, there was a disincentive to use spare capacity to treat extra patients and produce choice and competition (Calman and Gabe 2001:122).

*Figure 3
NHS 1982-1991 Structure*



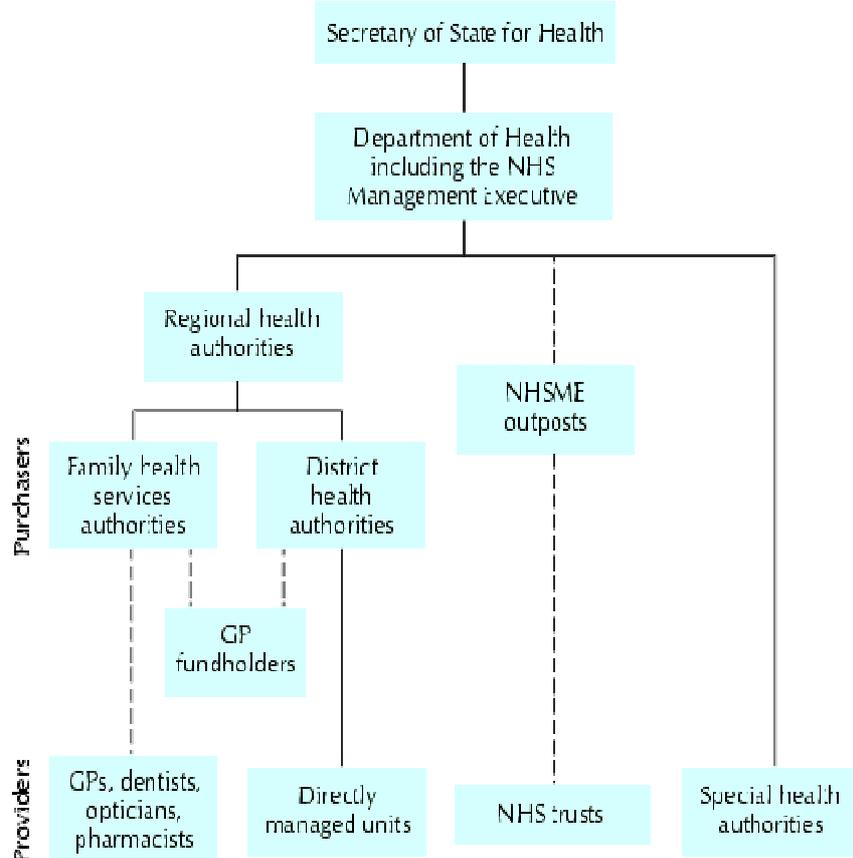
Source The Bristol Royal Street Inquiry (1998: Annex A: Chap 2:34)

The main feature of the quasi-market proposed in *Working for Patients* (1989) and implemented in 1991 was to separate the purchasing and providing function. Now DHAs were to move from a providing to an enabling role, and purchase health care on behalf of their residents. New institutions, such as the NHST and the GPFH, entered the NHS landscape. DHAs represented agency or “wholesale” purchasers, while at the “retail” end of the market GPFH had the potential for more patient-influenced purchasing. The move towards market reform principles was not confined to Britain and was even promoted by the World Bank Development Report (1993) so should not be regarded as a British phenomenon.

In the Conservatives' internal market, the early rhetoric suggested a purchaser/ provider split with significant "hard" price competition. The early quasi-market tended to be largely internal and indirect (with DHA purchasing dominant). The market structure was varied, but potentially competitive in some places such as London. Information was limited, and focused mainly on price rather than quality, but there was some slow development of quality indices over time. Transaction costs were high, especially for annual contracts, ECRs, and GPFH. Motivation was generally low, although higher for GPFH than for DHAs. There was potential for cream-skimming and much anecdotal evidence, although studies tended to find little direct evidence.

The later years of the quasi-market under the Major-led Conservatives showed some contradictory trends. On the one hand, Ministers claimed that they rarely used market language (Ham 2000). The market was never as red in tooth and claw as favoured by its advocates or feared by its critics as Klein (1998), an approach developed further by Powell (2003) who argued that the internal market got somewhere between 2 and 3 for a year or so, (0 totally planned, 10 the relatively free American economy), and then fell back to more central control. In other words, the emphasis shifted over time from the second to the first word of "managed competition". Then again, with the growing volume and perceived success of GPFH and experiments with decentralized purchasing, there were moves from the wholesale to the retail end of the market.

*Figure 4
New Labour
NHS Structural Inheritance May 1997*



Source The Bristol Royal Street Inquiry (1998: Annex A: Chap 2:57)

New Labour thus inherited in 1997, a quasi-market which remained largely an internal purchaser/ provider split, but there were some trends towards less price competition and more direct purchasing. In terms of market conditions, the potential for competition probably declined, with some mergers of both purchasers and providers yet, in contrast, may have increased with more decentralized purchasing.

Section 3

New Labour's approach to Health Care: Bipartisan or Polarised?

Overview of New Labour Health Policy 1997-2007

Labour returned to power in 1997 after many years of Conservative administration partly on the promise that it would "save the NHS". Its approach to the NHS passed through a number of phases, first a belief that Labour's commitment to the service would suffice to achieve an improvement with just a little tinkering and probably not much extra money. Then Labour moved into a centralist command and control mode, with targets and national service frameworks. Finally there was a rediscovery of the market, and an accent on patient choice.

Powell (2003) observes that, while in opposition and during the early years of government, New Labour advocated a 'Third Way' of pluralism without competition retaining the purchaser/provider split. However, aiming to replace the market and competition with planning and cooperation perhaps accepted the lessons of the past with modern 'Third Way' thinking based on hindsight. In the words of Klein (1998:114) "Etzioni has replaced Einthoven".

Labour's reforms began with the publication of a White Paper (DH 1998) which aimed not to abolish the internal market but to reduce and refine it: to reform the reforms. This was achieved directly by reducing the number of purchasers and providers, moving to

longer-term contracts; and by encouraging dialogue between purchasers and providers, who were no longer in a simple principal–agent relationship.

The main structural change was to replace GPFH with primary care groups/trusts (PCG/Ts), to maintain the positive features of GPFH, such as responsiveness, but reduce the negative such as the “two-tier service”. Some commentators saw the changes as a move towards “contestability” (Le Grand 1999) where a change of suppliers of health care would only be undertaken as a last resort and the control of prices was envisaged to come from the publication of a schedule of “reference costs”. However, there were some doubts about whether “cooperation” could provide the motor of change. Klein (1998:121) wittily suggests this meant “PCGs, who are meant to be in the ‘driver’s seat’ of the new NHS, could find that they are in charge of a vehicle that lacks an engine”.

The other major document of the period was The NHS Plan (2000). This set various targets for the health service in terms of both inputs and indicators of performance creating other new bodies. Prominently, the Modernization Agency, intended to help local clinicians and managers redesign local services around the needs and convenience of patients. New Labour developed the ‘league table’ principle with a ‘Performance Assessment Framework’ monitoring the performance of NHS organizations. Under a ‘franchising’ arrangement, management teams from three-star hospitals were encouraged to bid to run any failed hospitals in addition to their own, in return for a substantial uplift in salary and ‘earned autonomy’ with increased finances and freedom of choice.

A series of moves ostensibly gave patients more choice with the introduction of a Concordat between the NHS and private medicine leading to greater use of the private sector to reduce waiting lists. Between January and March 2001, the private sector performed 25,000 NHS operations, which was more than the number in the whole of 1998 and 1999 (Charter and Watson 2001) developed by the creation of private BUPA clinic, the first of 20 “diagnostic and treatment centres” to treat NHS patients on waiting lists over 6 months. DH (2002:4-5) echoing, but not citing the Conservative Working for Patients (1989), claimed that “For the first time patients in the NHS will have a choice over when they are treated and where they are treated...Hospitals will no longer choose patients, patients will choose hospitals”.

Lewis’ (2007:1325W) statement to the Commons in June of this year emphasises, on the small scale of hearing aids, the benefits New Labour see in the use of PPP, namely competition, quality and speed of service provided. “The contract allowed National Health Service trusts to use the two private hearing aid dispensers to see NHS patients.....Quality assurance was key in the initiative. Both companies demonstrated their commitment to meeting these standards and invested resources in terms of equipment, information technology and staff training in order to do so. The NFC PPP was successful in increasing capacity in the NHS, with over 50,000 patient journeys completed through the partnership. NHS trusts have also benefited from the competitive pricing and quality of service provision available through the PPP”

In 2007, market structure remains fairly non-competitive and unsuccessful for the same reasons as under the Conservatives. Any model is fighting a losing battle in a shortage of medical staff, low level of acute hospital beds compared to Europe which drives the need for 'concordat' with the private sector which are then staffed by NHS workers an argument summarised in the work of Gage and Rickman (1999:18). Even so, Mullard and Swaray (2006) demonstrate that, in the context of public expenditure, the Blair governments have, at a minimum, started to put into reverse nearly two decades of under-investment in public provision and have also started to tackle the issues of poverty and income inequalities.

Marketization

Marketization – the introduction of market principles into publicly delivered services was one of the most fundamental planks of the Thatcherite Government’s policy throughout the 1980’s. Government reforms in health service constructed a quasi-market with internal commissioning and provider roles to stimulate the 'buying' and 'selling' of in-house services. Simultaneously, new legislation required local authorities to embark upon a phased programme, determined by central government, through which many of its services had to be subjected to compulsory competitive tendering, with the strategy of decreasing the role of local authorities and stimulating instead the private sector.

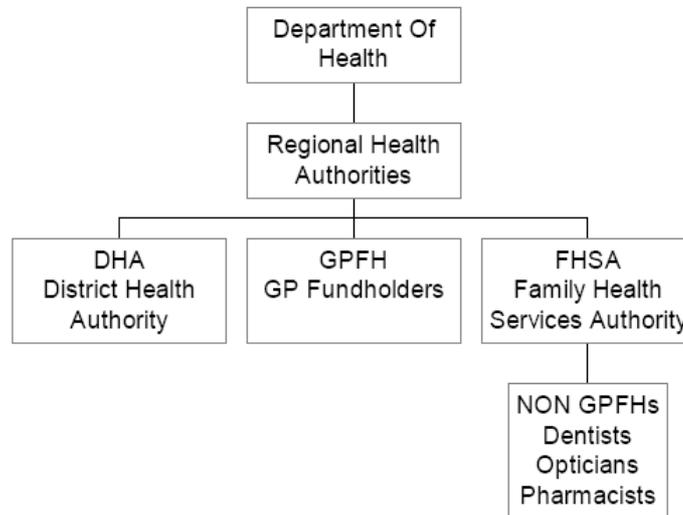
The value which underpins all of these policy initiatives is a belief that a competitive market and a '*mixed economy of welfare*' will inevitably provide better, cheaper services and more choice than a protected and bureaucratized public sector (Flynn 1992; Clarke 1994; Walker 1993). This was emphasised by Blair (BBC 2007c) during February 2007 when reviewing his own party’s health policies over the last 10 years to a Commons liaison committee when he stated “centrally *driven* approach, including national targets, had achieved a ‘quantum shift’ ...The thing that comes out of all of them is how you get the most appropriate care in the most appropriate setting.”

Social services are one of the highest revenue spending departments for most local authorities, and within social service budgets at the time; residential and domiciliary services for older people consumed the largest amount of revenue. To the Conservatives, they represented in both financial and policy terms an obvious area of provision into

which market principles could be introduced and implemented. By December 1979, only months after taking office, consultative papers had already been drawn up outlining reforms of management, which started a chain of reforms through the following eighteen years in power. The Health Service Act (DH 1980) created DHA's where an emphasis was placed upon devolving management into smaller units, more accountable to the public and granted additional powers of control over their hospitals.

The separation of 'planning and purchasing' was increased through the 'Community Care Act' (DH 1990). It was directly influenced by the US expert Enthoven (1985). WFP rejected models of privately funded healthcare. Instead, it proposed an 'internal market' in the NHS by separating 'purchasers' from 'providers'. Health authorities would purchase services from independent NHS trusts, after assessing local needs and developing a strategic assessment of, or plan for, those needs. They would also monitor the delivery of the services that they had agreed to commission. GPs would also be offered the option of becoming 'fund holders', able to purchase most services on behalf of their patients. Such a system of funding would, it was said, create an incentive towards the more efficient use of resources, with more attention being paid to the services that patients, or 'consumers', wanted. The changes made are summarized in the diagrams below:

*Figure 5
1989 NHS Hierarchy*



The organizational chart above shows the structure of the NHS after Mrs Thatcher’s classic reform in 1989 (Working for Patients 1989). The Department of Health is allocated with a budget by the central government and it then allocates it further to the Regional Health Authorities, based on the size of the population covered. These last then distribute the funds to the other purchasers: District Health Authorities and GP Fundholders. The feeder box below FHS represents the providers. These fund their budgets through contracts stipulated with the purchasers. They do not receive funds directly from the central government and hence are considered “quasi independent” entities or trusts.

Diagram Source: Queen Mary, University of London (2009)

The specific aim of the Working for Patients (DH 1989) is covered in the title, making the State work for the public good. As in privatizing BT and British Gas the Conservative voters during the 1980’s were given increased rights to choose. Marketization for Klein (1998:3) under Thatcher opened up publicly what the NHS was to do for the ‘consumer’ not what the ‘patient’ was to do for the NHS. If the consumers were unhappy then they could vote with their feet and move to another hospital that could better meet their needs presenting choice and standards as consequences of actions: ‘By mimicking market forces, the new arrangements would force providers to be both more

efficient and more responsive; if they failed to improve their performance, they would lose income as purchasers switch their contracts' (Klein 1998:3)

The creation of an ability to choose their hospital could be seen as a negative impact of Thatcherism on health. The failures of the NHS were brutally exposed, in particular dentistry and the quality of treatment available, causing those who can to switch into Private Medical Care to obtain treatment. More than a third of English dentists' work is now carried out privately - up from about a tenth 15 years ago on the belief of improved standards and quality of care despite costs being 33% higher than NHS care while still paying large contributions to cover costs of the NHS (Carvel 2003). Laing and Buisson (2005) note that 75% of people who buy private dentistry pay for it 'on the spot' out of their own pockets. The remaining 25% pay through some form of annual funding scheme. The proportion of patients covered by dental benefit plans has grown strongly from 20% in 1998 as income from treating private patients has grown strongly from 38% to 51% of total income as higher private fees have driven up income levels at the same time as only marginal increases in NHS fees.

The rise of PPP and Private Health Care during the 1990's served only to create external markets in health in which the 'inverse care law' increased. Inheriting this situation, New Labour's primary health paper "The NHS: Modern, Dependable" (DH 1997) brought a new stance by pledging the "*abolition of internal markets*", producing a system which accepted the benefits but rejected the perceived areas of failure thereby producing a

health system that was to be run through partnerships and driven by performances and standards.

However, within 14 months New Labour had not reversed Thatcherism but amplified the power of the market philosophy to an extent greater than even Thatcher herself would have thought necessary. The NHS Plan (DH 2000:56) further strengthened the market system by increasing the benefits to the successful by working towards “tougher standards for NHS organizations and better rewards for the best”. Delivering the NHS Plan (DH 2002:4-5) states that having got the structures right, it was necessary to introduce stronger incentives to ensure that any extra cash produced improved performance.

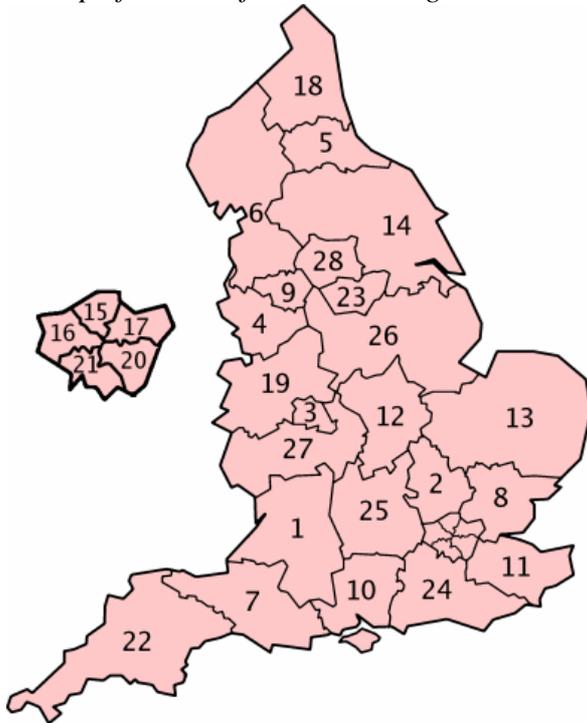
New Labour increased the power of the markets by making PCTs free to purchase care from the most appropriate provider, be they public, private or voluntary. In their NHS Plan (2000) New Labour clarified their proposals to reintroduce competitive pressures on the basis of volume rather than price thereby producing a more direct and external quasi-market.

Increased emphasis was also placed upon the private sector to take the burden off the NHS with patients being treated in EU countries in a specific attempt to decrease the waiting lists. This is supported by Hewitt’s (2006:9) statement to the Commons in April, which emphasised that New Labour had presented opportunities that speed up treatment and waiting lists on the NHS through use of partnerships. “In 2003 we have put in place a

guarantee to patients that if their operation is cancelled at the last minute, they will be given a fresh date for it within 28 days and that if their local NHS hospital cannot guarantee that, they will have the choice of going to any other hospital either in the NHS or in a private sector hospital paid for by the NHS. That has significantly reduced the number of cancelled operations and I have no doubt that, despite having to take some difficult decisions to restore financial balance in the NHS, we will continue to see further improvements in patient care over the next 12 months”.

NHS Shifting the Balance (2001) also expressed Labour’s commitment to putting the patient and staff at the heart of the NHS, granting powers to patients and local authorities with the creation of twenty eight new ‘Strategic Health Authorities’ (SHAs) under a single structure and held to account for their actions. In April 2006, Patricia Hewitt, Secretary of State for Health, announced that, following an NHS consultation, which ended on March 22 2006, the SHAs were to be reorganized, reducing to ten in number as outlined in the diagrams below. This is hoped to produce substantial financial savings. Each SHA is responsible for enacting the directives and implementing fiscal policy as dictated by the Department of Health at a regional level. In turn each SHA area contains various NHS trusts which take responsibility for running or commissioning local NHS services. The SHA is responsible for strategic supervision of these services.

*Figure 6
Map of SHAs before 2006 reorganization*



*Figure 6
SHAs after 1st July 2006*



Source: Connecting for Health (2006)

Furthermore, The NHS “The Next Steps” (2001) was explicit in its drive to modernise the ‘internal markets’ in order to ensure that, while the system had to stay, it matched the demands of the 21st century health care by making it ‘responsible and accountable’ to the public. Delivering the NHS Plan (2002) again outlined the power of the internal market by making competition explicit with patients being given information on alternative providers and allowed ‘choice’ based on information not location, social class or geography.

Le Grand (2002b, 2006) notes a return to elements of the internal market from 2002 onwards. Money would follow the patient for elective surgery, with hospitals that do

more receiving more by way of resources. A regional tariff system, based on health resource groups, will be used to determine prices. And successful hospitals will be given more freedom from central control, with full control over assets and staff payment structures. Also, to reduce bed-blocking, NHS hospitals are going to be allowed to charge social services departments for the use of their beds.

The abolition of fund holding had been a major electoral pledge for New Labour linking back to the Old Labour principles of a taxation funded NHS of 1948 (Le Grand et al 1998). The White Paper 'The NHS: Modern, Dependable' (1997) Labour's first core health paper after taking office, boldly proposed, 'Nothing less than a major culture shift' (Hunter 1999:19).

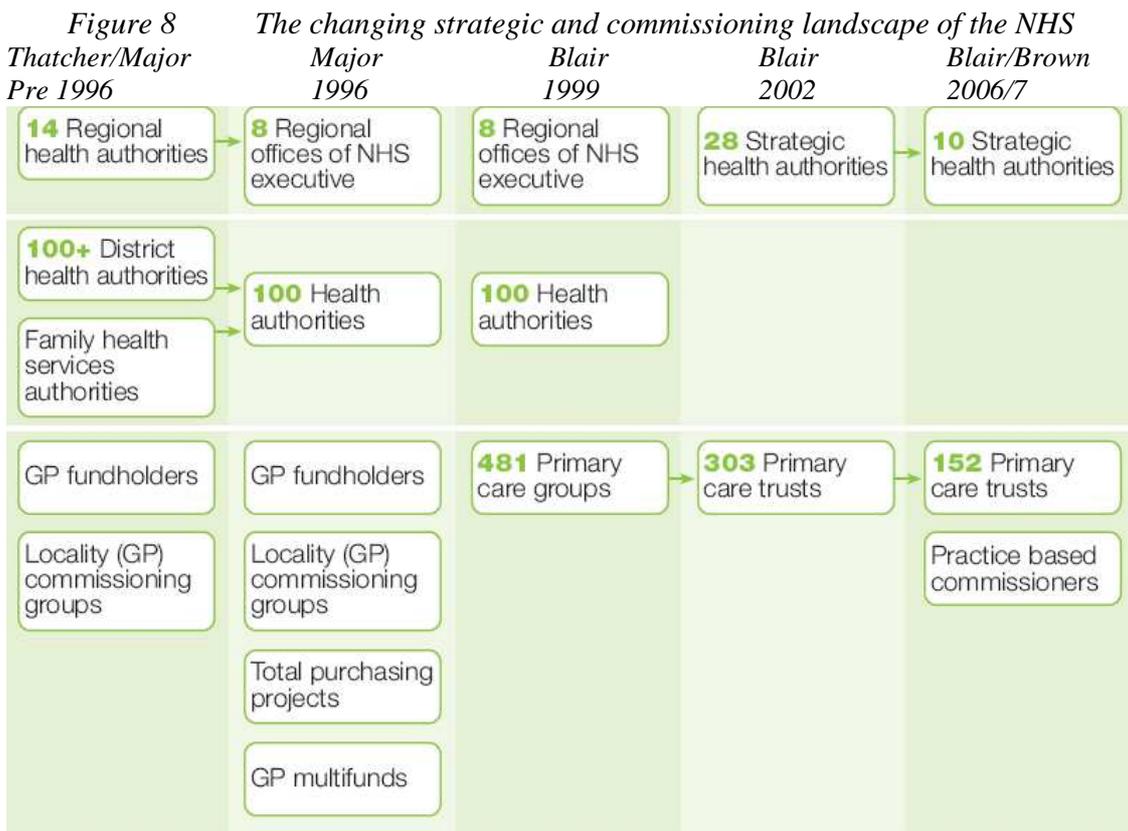
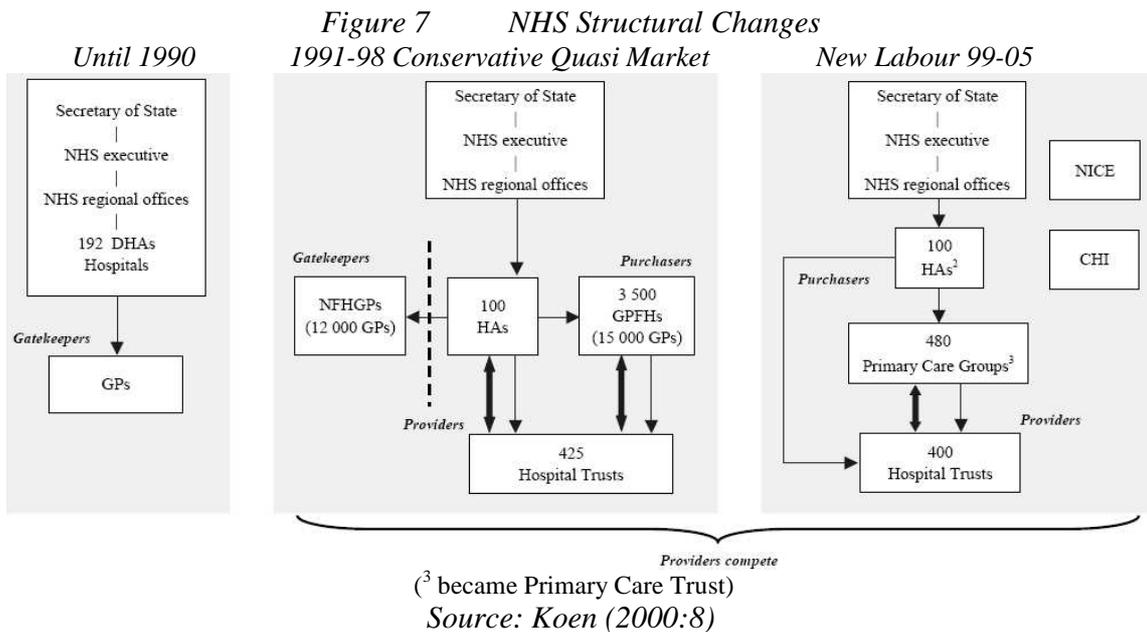
At its core was the replacement of so-called jigsaw of GP Funding, multi-funding, total purchasing and locally commissioning groups replaced by a single type of primary care groups (PCG's). This was to be achieved directly by reducing the number of purchasers and providers, moving to longer-term contracts, and encouraging dialogue between purchasers and providers, who were no longer in a simple principal-agent relationship. This also emphasised in John Hutton's (2002:778W) Commons statement on NHS decentralization.

“A structural and cultural reform of the national health service is currently taking place with the aim of shifting the balance of power towards frontline organisations, and within organisations to patients and staff. From 1 April 2002, primary care trusts, local

organisations run by clinicians and local people, are responsible for improving health, securing services and integrating health and social care locally. By 2004, these organisations will receive 75 per cent of the NHS budget to enable them to do so effectively, which constitutes considerable devolution in the running of the NHS. As responsibility is devolved to the frontline, the Department will develop new ways of working and step back from operational issues. A package of earned autonomy freedoms and the potential to achieve foundation status will also become available for the best performing primary care and NHS trusts. This will be another way in which the Government devolves decision-making and operational management in the NHS”

John Hutton (2002:778W)

The main structural change summarised in the below diagram from Koen (2000:8) and Audit Commission (2008:16) was to replace GPFH with primary care groups/trusts (PCG/Ts), which were meant to maintain the positive features of GPFH, such as responsiveness, but reduce the negative, such as the “two-tier service”. New Labour retained the purchaser/provider split, but wished to minimize price competition. Koen (2000:8) emphasises this was done via the Department of Health becoming sided by two new entities the CHIMP and the NICE. The latter sets standards for the delivery of health care services, while the former is responsible for enforcing them. The Purchaser/Provider split remains but Health Authorities lose their purchasing role and become an instrument for the PCGs’ accountability. These last, which have absorbed GP Fundholders, are now purchasers together with GP Practices. Hospitals, Dentists, Opticians and Pharmacists remain the providers.



The quasi-market became more indirect as GPFH was abolished, and more internal as the limited degree of private contracting was minimized. The market structure became less competitive with the abolition of GPFH and mergers leading to fewer purchasers and providers. More information was produced through inspection and a new Performance Assessment Framework (PAF) again meeting a core goal of ‘open government’ following the Conservative sleaze scandals of the late 1990’s.

With the changing structure has come the explicit requirement for the ‘market’ lead system to take responsibility for its actions or failures ‘Devolving power and responsibilities to PCTs lies at the heart of our proposals. PCT will be the cornerstone of the local NHS...PCTs will also be expected to ensure that more power is available for frontline staff’ (DH 2001:13). Powell (2003:737-738) tables below provide a graphic example of the bipartisanship between Thatcherite and Blairite health models to the rise of marketization through typology, definition and conditions for success:

Table 6 A Typology of Quasi Markets

HARD				SOFT			
Direct		Indirect		Direct		Indirect	
Internal	External	Internal	External	Internal	External	Internal	External
	<i>(CCT)</i>	<i>Con I</i>		<i>Con II*</i>		<i>NLI</i>	<i>1930s</i>
	<i>NLII*</i>						<i>1944</i>
							<i>White</i>
							<i>Paper</i>

*=trend toward

Source: Powell (2003:737-738)

	<i>1930s</i>	<i>1944 White Paper</i>	<i>Classic NHS</i>	<i>Con I</i>	<i>Con II</i>	<i>NL I</i>	<i>NL II</i>
Competition	+	+	-	++	+	+	++
Price	-	-	-	++	+	-	-
Competition							
Direct	-	-	-	+	++	-	++
Internal	--	--	++	-	-	+	--

+ = conducive to internal market

- = against internal market

Source: Powell (2003:737-738)

	<i>1930s</i>	<i>1944 White Paper</i>	<i>Classic NHS</i>	<i>Con I</i>	<i>Con II</i>	<i>NL I</i>	<i>NL II</i>
Market Structure	-	-	n/a	++	+	-	+
Information	--	+	n/a	+	++	++	++
Transaction costs	++	++	n/a	-	--	+	++
Motivation	--	-	n/a	++	+	-	+
Cream-skimming	-	-	n/a	-	-	+	+

+ = conducive to internal market

- = against internal market

Source: Powell (2003:737-738)

The first phase of Conservative health policy clearly signalled a shift towards a hard, direct and external market, although practice tended to be more indirect and internal. However, the second phase of Thatcherism under Major showed some trends towards a softer and more direct quasi-market.

The tables summarize the criteria on definitions and conditions for success over pre- and post-Conservative rule indicating that, while competition perhaps is more pronounced for Con I and NL II, this cannot be said for price competition. In this sense, the quasi-market in the first two periods and NL II stress some form of competition with uniform prices.

Directness is greater with the trend towards “*retail purchasing*” of GPFH of Con II and with movements to individual consumerism with NL II. Finally, public health care was largely a public monopoly under the classic NHS. The zenith of the “external market” appears in the pre-NHS phases (out of necessity), and falls under NL I only to become external in two senses—international and private—under NL II.

The different periods, therefore, show a complex fit between the individual criteria of quasi-markets. Similarly, the conditions for success do not all move together in a simple, linear fashion. The market structure most conducive to the quasi-market appears in Con I. Information very broadly tends to increase over time. Transaction costs were probably greatest under Con II with the moves towards GPFH, and least under the pre-NHS phases and NL II with a uniform price structure.

However, there will be some transaction costs under NL II in collecting information on quality. Motivation was perhaps greatest under Con I, although this may also increase with NL II. Information on cream-skimming is probably the most speculative, but it might be argued that New Labour’s concerns with equity should make cream-skimming more difficult. In many ways, the current direction of New Labour may suggest improved conditions for quasi-market success.

Perhaps the critical legacy of Blair is one of increasing management level, decreasing workers and overstretched budgets resulting in the need for private funding. Management’s budgets were set at £3 per person whereas evidence from Mays et al

(1999) suggests the costs were nearer £17 per person bringing a budget shortfall met by private care.

This was exacerbated for some with the advent of ‘rewards’ for good performances and grading with the ‘penalty’ being the takeover by external managers sent in by the government summed up by Charlton (2000:18) “The creation of NICE and CHI can be interpreted as the most recent and aggressive expression of managerial take over of the NHS...In the old NHS, authority was assumed to lie with clinical professionals by virtue of their skills, traditions and patient contact...now it lies in the hands of ‘grading’ officials”

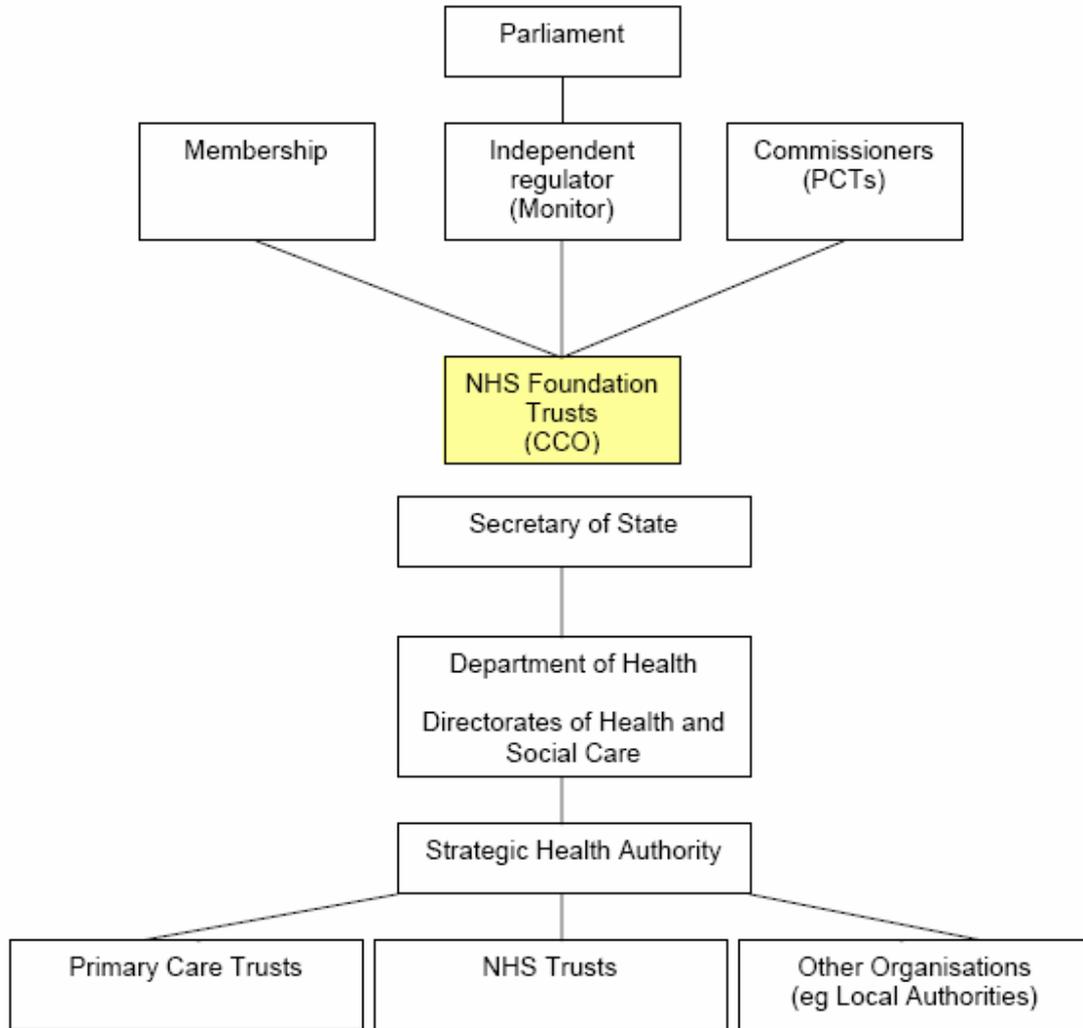
Greener (2003) deduces, perhaps correctly, that New Labour’s quasi-market in health appears to have a rather confused pedigree. In terms of our typology, it bears a great similarity to the Conservatives’ compulsory competitive tendering of the 1980’s, as they both lean towards hard, direct and external categories. However, with its uniform prices, New Labour’s quasi-market bears some similarities to the NHS proposed by the Conservative Henry Willink in 1944, which Paton (2003:3) summarizes as “What both Tory and New Labour health reforms have in common is the search for an amalgam of increased efficiency and quality”.

Nevertheless since 2002 New Labour reforms have signified a return to elements of the Conservative policies with the creation of a super-regulator incorporating a control of all health audits and inspections including private care. But of even more significance there

is to be a return to elements of the internal market. Money will follow the patient for elective surgery, with hospitals that do more receiving more by way of resources. A regional tariff system, based on health resource groups, will be used to determine prices. And successful hospitals will be given more freedom from central control, with full control over assets and staff payment structures. Also, to reduce bed-blocking, NHS hospitals are going to be allowed to charge social services departments for the use of their beds.

Reviewing New Labour strategies and policies in 2009, three key events demonstrate the increasing role of marketization plays upon health supported by Koen's (2000:8) diagram displayed on page 118 which together help form the NHS structural legacy exhibited on the next page.

*Figure 9
New Labour NHS Structural Legacy
May 2007*



Source: Clatterbridge Centre for Oncology (2009)

First, there are remnants of the Conservative quasi-market, with the purchaser/provider split remaining and the possibility of ‘contestability’ still present: that is, purchasers were able to compare the performance of their providers with others and, if they were dissatisfied, to shift their purchasing as a last resort. Moreover, the new rules concerning the retention of surpluses by PCTs and trusts improve incentives, as do some of the GP-

payment reforms. The changes following the budget of 2002 are also firmly in a market-oriented direction.

Second, following the recommendations of a Report by a Commission on Public–Private Partnerships, the government is extending the PFI to cover clinical services. Although for the moment the idea of contracting with the private sector to run a hospital providing a full range of services is ruled out, the NHS may contract with the private sector to run specialist surgical centres and other specialized units. At present, with the encouragement of the government, NHS commissioners are already contracting with the private sector for elective surgery and other services to cope with waiting-list pressures while also promoting the idea of contracting with hospitals elsewhere in the EU.

Third, researchers have viewed the introduction of NHS Direct and Walk-in Centres as setting up a form of competition with more traditional GP-based primary-care facilities. However, since there are no financial flows involved (that is, a GP's patient using NHS Direct or a Walk-in Centre does not result in the GP losing income), the competitive pressures are limited. The overall structural changes effectively introduced increased opportunities and roles effectively for private or non state controlled organizations to assist the NHS with suggestions that the consequence would be an NHS 'creeping towards privatization' (Heath 1994).

Privatization

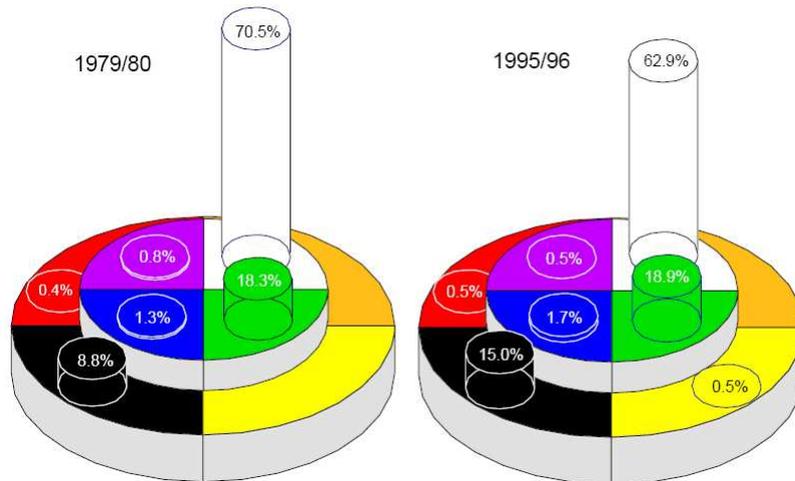
The UK spends less than almost any other Western country on private health care, although about 15% of its total health spending has involved the private sector. The number of those in the UK with private medical insurance had remained static for several years but increased again in 1998 to 3.5 million and in 2000 to 5 million, about 12.6% of the population when those with cover through their employers were included, but subsequently started to fall. More were insured in the south than the north, and the growth in the numbers was even larger among those paying for private treatment out of their own pocket, sometimes on fixed cost 'pay-as you go' packages provided by private hospitals.

Major providers of private facilities included BMI Healthcare, BUPA and the Nuffield Hospitals offering cataract removal for £2000, knee replacement for £7,000 or a heart bypass for £10,000. About 850,000 operations a year were carried out in the private sector under the Conservatives, in some 200 hospitals, two-thirds of the beds being owned by major groups. As the private sector became more involved in the provision of NHS services, there was a fall in the number of people prepared to pay out of their own pocket for private care.

The central aim of the Conservative reforms was to produce a more cost-effective NHS. As well as the internal market, contracting-out was introduced. This forced the NHS to put in-house services out to tender and award contracts to the lowest bidder. Contracting-out to private providers for both care services (drugs, hearing aids, glasses,

accommodation and dentistry) and ‘hotel’ (laundry, catering and cleaning) services was encouraged from 1983 onwards, and by 1986, hospitals were required to have “market-tested” non-clinical services such as catering and cleaning.

Figure 10 Expenditure in Health under Conservatives



- Key:
- White** Hospital and community services, NHS Expenditures and General Ophthalmic Services (70.5% 79-80, 62.9% 95-96)
 - Purple** NHS Hospital charges (0.8% 79-80, 0.5% 95-96)
 - Red** NHS Private Patients (0.4% 79-80, 0.5% 95-96)
 - Green** General Dentist Services, Sight Test and prescriptions, contracted day care, catering and laundry (18.3% 79-80, 18.9% 95-96)
 - Yellow** Vouchers for services (glasses) and medical insurance (0% 79-80, 0.5% 95-96)
 - Blue** General Dental Services and prescriptions-Patient charges, includes patient charges for services not detailed elsewhere (1.3% 79-80, 1.7% 95-96)
 - Black** Private Medical Insurance and medicine (8.8% 79-80, 15% 95-96)

Summary: Overall increase of 7.6% reliance upon private sector finance covered by reliance upon agency services (black sector)

Source Burchardt (1997:38-41, 64)

At the same time, health authorities were urged to buy operations from the private sector where this was cheaper, but this expenditure remained small relative to the whole NHS budget (green sector) as outlined in Burchardt (1997:22) under the Conservatives. The Private Finance Initiative (*PFI*) (1992) involved private firms or consortia putting up the

capital for major NHS projects. Private firms could pay for the design, construction and operation of buildings and support services.

The Community Care Act (1990) presents a graphic demonstration of the Conservative's opening to privatisation, taking the state away from simply a provision state to an enabling state for the public. The key driver was the decision to enable people to enter private residential homes through a system of social security financing differentiated from that of local and health authorities. This policy essentially channelled public sector funds into the private institutional sector while leaving the domiciliary sector chronically under resourced. The responsibility for, and oversight of, the control vested in local authorities was recognised with the recommendation that the role of local authorities should change. Rather than provide services directly, local authorities should become planners, commissioners and enablers, ensuring that services were provided but largely by other agents in the mixed economy of welfare.

The Griffith Report (1988: para 3.4) commented that "The primary function of the public services is to design and arrange the provision of care and support in line with people's needs. That care and support can be provided from a variety of sources. There is value in a multiplicity of provision, not least from the consumer's point of view, because of the widening choice, flexibility, innovation and competition it should stimulate.... It is vital that social services authorities should see themselves as arrangers and purchasers of care services - not as monopolistic providers".

The concept of the *enabling role* at the structural foundation of the strategic local authority was mirrored in the social action platform of the service user-professional social worker relationship with the recommendation that the professional acting on behalf of the local authority should adopt a 'care management' role: assessing need with the service user, defining a 'package of care' and purchasing services on behalf of the service user or carer (Griffiths Report 1988).

This was carried forward in 1992 with the Strategy for Health (1992) which recommended '*new cultures*' within society with a need to live a healthy lifestyle again being based on 'independent' reports and enquiries. Five areas were outlined which were the main causes of pressure on the health service, areas which were to be monitored with regard to matching public 'targets'. Despite the public failures suffered in teenage pregnancy it did provide the country with public measures thus keeping the country informed a factor stressed repeatedly in political debate seeking to overcome voter apathy.

The Community Care Act (1990) was used as a vehicle for the privatization of the public sector. This Act made clear the need for a 'mixed economy of care' in which the local authority must encourage the independent sector to provide services although it could vary between geographical locations. Thus, a new '*contract culture*' was being applied to the provision of personal social services and social services departments were required to develop processes to specify, commission and monitor services delivered by other

agencies. The organisation of service delivery was to be instigated through assessment and care management including devolved budgets and ‘decentralization’ (DH 1989:23).

The ‘contract culture’ is perhaps best summed up by the Patients Charter (1991) in which provided a contract with the public outlining what they could expect from their health service. Major’s (1998:392) autobiography expressed his personal belief that internal markets were positives and not negatives, with the Patients Charter a fundamental position within it “Internal Markets...was a help and not a threat to the NHS...a Patients Charter which prescribed for the first time what the public could expect from the system”.

The privatization of health care provision under the Conservatives continued in the Health of the Nation (1992), which highlighted the need to prevent and reduce major health problems (e.g. cancer, mental illness) which exerted considerable pressure upon the NHS. The paper did not, however, clarify how the NHS was to achieve this end result either internally or externally. Since 1992 outside agencies have been granted responsibilities to reduce the pressures usually health provider practices such as PPP who advocate, through the media, ‘healthy living’ for example AXA. Accidents, a key prevention target of the paper, were handed over to a ‘standards agency’ working to ensure safety in the work place. Under Thatcherism, the responsibility for prevention of illness and injuries was therefore devolved more towards private organizations.

The New NHS (DH 1997) confirms the need for ‘partnerships driven by performance’ not renationalization with facilities taken back under the NHS tag. This white paper is

based on six key principles which all express the need for privatization within 'partnerships' each utilizing all available resources and expertise to forge stronger links where either possible or beneficial.

The NHS Plan (2000), Labour's cornerstone Health reform, recognised the need for raising standards in the health care and providing additional opt out clauses to allow private care to assist with the creation of the services needed. Hewitt's (2007:147-8) Commons speech in March of 2007 adds weight to this argument as it emphasises that the NHS and private sector are and will remain linked to produce the best care possible for patients: "The NHS has always used the private sector for many services and will continue to do so where it can help the NHS to give patients even better care and better value for money. By the end of next year, patients needing elective treatment will be able to choose from any health care provider—NHS or independent sector—that meets NHS standards within the NHS price".

Our local example is the creation of the 'University Hospital' in Durham based on private funding and 'rented back' to the NHS with profits from previously free services (parking, television, private room) being taken by private companies. New Labour under Blair has seen the rise and rise of privatization under the principle of 'partnerships' or PPPs (Public Private Partnerships) for the benefit of society be that health, education or welfare and pensions inherited from the Conservative's. The Government was quite open about its intention to bring big business and market forces into the NHS revealing it in the rubric to its documents 'Shifting the Balance of Power-The Next Step 2001'.

In October 2000 the Government signed a “Concordat” with the Independent Healthcare Association (IHA), under which the Government committed itself to promoting a greater role for the private sector in health care. Hewitt (2007:148B) emphasises in her speech of March 2007 that this is based on the need to address capacity, choice and improve care. It also makes clear a key transition from the Conservative model, where private care gained paying patients who would not wait on NHS waiting lists, now private care treated those patients for free through the NHS.

“When we began the new compact with the private sector through the NHS plan in 2000, it was precisely to address the problem of additional capacity. However and as we have made clear in several successive documents—including the 2005 Labour party manifesto—we also use the independent sector where it can help to challenge under-performing parts of the NHS, support patient choice and give patients even better care....the difference is that under a Conservative Government, private hospitals recruited patients on the back of NHS waiting lists and treated only the few who could afford to pay. Today, thanks to our reforms, private hospitals and treatment centres are part of the NHS family. They are helping to cut waiting lists and to treat NHS patients—all of it free at the point of need”

(Hewitt 2007:148B)

New Labour’s chosen method for this was Private Finance Initiatives (PFIs). The Tories’ plans to use PFIs for hospital-building had been denounced by Labour in opposition as “a

Trojan horse for privatization” (House of Commons Hansard Debates 12 Mar 1996:pt 31) Yet one of Blair’s first acts on gaining office was to push through the legislation needed to extend the reach of PFIs into hospital-building.

Pollock (1999a, 1999b, 1999c, 1999d) emphasises PFI hospital-building contracts are normally for a 30-year period, with an NHS hospital trust paying an annual charge to a consortium of builders, bankers and service operators to cover the capital construction costs of the hospital and the provision of services. At the end of this period the hospital does not become the property of the trust. The contract simply comes up for renewal. As such using PFIs to build hospitals makes only limited sense. Legal and consultancy fees alone add around 8% to the cost of a PFI hospital. Adding in management and finance costs, a PFI hospital is some 40% more expensive than a publicly built hospital (Pollock et al 1999d).

An example of this is outlined by Pollock et al (2000) showing the private financing of Worcester Hospital added nearly £30 million to the bill while forcing the closure of Kidderminster Hospital to help covering the escalating costs. These additional costs are paid back by the PFI consortium’s contractual partner, i.e. the hospital trust. Debt repayments are financed by reducing running costs: closing beds, reducing staffing numbers and salaries, and speeding up the discharge of patients. In 2000 the government increased its dependency upon PFI when it invited bids from private healthcare providers to run twenty seven Diagnostic and Treatment Centres (DTCs), later renamed

Independent Treatment Centres. The centres were to carry out routine hip, knee and cataract operations, with an annual income of £2 billion of public money.

Under legislation completed in 2002 Labour allowed NHS hospital and PCT to apply for 'foundation' status. A foundation hospital or PCT is a commercial concern whose assets cease to belong to the state. They can set their own rates of pay, borrow on the private market, make contracts with private providers, and set their own priorities. Labour presented this as another example of "empowering" local communities, which, supposedly, would be able to exercise some degree of control, for example, through electing the "governors" of foundation hospitals. In reality, foundation status means the "right" to operate on the basis of purely commercial considerations, where the focus could be argued to be the balance sheet. The creation of "foundation" trusts ran in parallel with another New Labour innovation which further underpinned the commercial nature of the foundation trusts which sees costing turned into 'fixed priced' according to a national tariff.

This has been extended into Independent Sector Treatment Centres (ISTCs), stand-alone private sector clinics specialising in a limited range of simple treatments, such as cataract operations or hip replacements. The NHS contracts ISTCs to carry out procedures at a fixed global price, which is paid whether or not the operations are actually performed. The government originally claimed ISTCs would provide extra capacity, stimulate innovation and enhance patient choice. But as Ruane (2006) reports in July of 2006, the Health Select Committee report found no evidence to that effect. Indeed, it is now

accepted that ISTCs do not provide supplementary capacity, but are in fact in competition with NHS facilities in many areas, and are causing the destabilisation of some hospitals.

Neither do ISTCs provide value for money: the Department of Health admits that on average these centres have been paid 11% more than the NHS for each procedure, despite only taking on simple and cheap cases and not having to train junior staff. With these factors added in, ISTCs are being paid around 30% more. By January 2006, twenty five ISTCs were either up and running or shortly to be operational with a further four under negotiation, at a cost of £1.7 billion. These are known as the first wave of ISTCs with a second phase, worth £3.75 billion, announced in March 2005 and is currently being rolled out (Ruane 2006). Equally Hewitt's (2006:327) statement to the Commons in October of that year admitted that the government had to buy a privately run hospital due to bankruptcy and low numbers being treated. "Ravenscourt Park hospital was an investment from the private sector. It went bankrupt—or pretty nearly so. We bought it for a very small amount of money and we did put some investment in it. It has treated a relatively small number of patients...but it has never had anything like an acceptable level of bed use, because there are in fact enough beds and still some efficiency gains to be made in other hospitals"

New Labour's clear dependence upon private sector assistance in particular its finance, did not heed examples of failures in the system under the Conservatives and their own administration. For example its Choose and Book policy which facilitates patients to choose the site of their secondary care from a limited "menu" of providers, including at

least one non-NHS facility, acts as a golden stairway for the private sector to raise its business within the NHS. Nuffield and Capiro won contracts worth £50m and £25m respectively to perform 25,000 waiting list operations at prices comparable with the NHS costs, while Laurence (2004) data demonstrates the NHS spent a total of £110m buying operations for 60,000 patients from the private sector in 2002-03. This has precipitated the arrival of huge foreign healthcare corporations like United Health, the merger of South African giant Netcare with BMI (Britain's biggest private hospital group) and a surge in the share prices of companies like Care UK. Bradshaw's (2008: 747W) written answer demonstrated in the table below to a parliamentary question confirms that ever increasing percentage of NHS expenditure is being spent with private healthcare corporations.

Table 9 Spend on non-NHS provision

Total (£)	As a percentage of NHS expenditure	
1997-98	1,108,182	3.20
1998-99	1,230,425	3.36
1999-2000	1,301,196	3.24
2000-01	1,549,172	3.53
2001-02	1,792,967	3.66
2002-03	2,239,331	4.14
2003-04	3,315,893	5.26
2004-05	3,666,024	5.26
2005-06	4,415,531	5.68
2006-07	4,984,156	6.16

Note: 2004-05 to 2006-07 exclude NHS Foundation Trusts. Source: Annual financial returns for primary care trusts, (strategic) health authorities and NHS trusts for 1997-98 to 2006-07.

The NHS commissions healthcare from a number of non-NHS bodies including private sector providers, local authorities, voluntary bodies, other statutory bodies and the independent sector.

Source Bradshaw (2008: 747W)

Indeed the emphasis on needing and supporting private health corporations is extended by Health documents, for example (DoH 2006:2.22-2.25) where emphasise is placed on

subsidising private sector infrastructure and guidance on commissioning. This seeks to “reduce the risk for providers and consequently make the provision of new services more attractive to... new entrants”. It advises that this be done by paying a “supplement... to cover the set-up or development costs faced by a new provider”; by guaranteeing the “minimum income to be provided”; and by “lowering the barriers for new providers” through “reducing the capital investment required from the provider” which has been suggested to mean supplying the building.

Research by Anderson (1998) has shown the critical failures in private ambulance services supported by WAS NHS Trust minutes (2006). In many areas non-emergency ambulance services are being put out to tender. Where the contracts are won by the private sector there have been problems. For example, the South East Coast Ambulance Service NHS Trust is having to transport patients for which service the private company GSL had been paid and contracted to carry with reports that hospital staff have been classifying patients as more ill than was first thought in order to secure an emergency ambulance.

There has also been privatisation of pathology services during 2006 with five independent providers chosen to supply more than 1.5 million diagnostic procedures, including X-rays, ultrasound scans, and blood and other tissue tests, under contracts worth £1bn over five years. This was despite a review by Lord Carter which warned of the dangers of fragmenting pathology through the privatisation of the sector - a position

reinforced by the Royal College of Pathologists. The service supplying oxygen to patients with breathing difficulties was also privatised in February 2006.

Stephen O'Brien (2007: 204-215WH) MP (Conservative) and Dai Havard (2007: 204-215WH) MP (Labour), who have tabled almost 90% of all parliamentary questions (Hansard 2007:204WH) on the privatisation of NHS purchasing and supply highlight the privatisation of NHS Logistics (which bought and distributed health equipment to hospitals) as the final demonstration of New Labour's reliance towards private sector. NHS Logistics was an award-winning non-profit organisation, reinvesting its surpluses in the NHS, but the Labour government decided to outsource it and a large part of the NHS Purchasing and Supply Agency went to the German delivery firm, DHL, and its sub-contractor, Novation, in the biggest single privatisation in the NHS yet. Novation will carry out the crucial role of procurement with control over £4 billion of NHS money. At the same time, New Labour took away its agreed acceptable percentage of support from private sector (approx 10%) as there is no way now that such percentages provide logical guides given New Labour's belief in the benefits of private sector involvement.

Overall, within the privatization of health care, Thatcherism opened the door. With the experience gained during Thatcherism, New Labour simply accepted that it was too valuable to reject. Progressively through the last decade the private sector played an increasing role in the NHS. Step changes were shifting the NHS from being a services provider to a commissioning led organisation. Several factors were involved: payment by results, foundation trust hospitals, independent sector treatment hospitals and private

sector providers created a more sophisticated form of the internal market than the Conservatives had tried in the 1990s.

In primary care commercial organisations could even tender to provide family practitioner services, and companies such as Boots might cooperate in the provision of space for clinics, such as smoking cessation, bringing services closer to the public. In the hospital service, hospital trusts increasingly contracted out services. The private finance initiative was funding hospital building and privately managed independent treatment centres handled NHS patients. Carvel (2006b) notes Lymington in the New Forest, a new consultant led community hospital with beds, run by a PCT, was managed by a private sector company, Partnership Health Group who will run all services at the 60-bed hospital, built for £36m under the private finance initiative, including the minor injuries unit, x-ray, urgent care and medical admissions. The company will deliver about 40,000 emergency and non-emergency operations and procedures.

In 2006 The Department of Health (DoH) opened the purchasing/commissioning of care to the private sector. A privately owned manager, under contract to the PCT, might be charged with obtaining best value for money. The supply of equipment to the NHS, sometimes directly purchased by NHS Trusts locally, but often supplied by NHS Logistics, would be the responsibility of a new NHS Business Services Authority, and the service to be known as the NHS Supply Chain would be outsourced to DHL, which would take over staff, depots and use the NHS Logo, a decision precipitating the first major strike in the NHS for 18 years.

Before 2000, NHS used the private sector largely as a pressure release valve particularly at the end of a financial year, often at a high cost to handle and immediate problem. Since 2000, the private sector has become an integral and encouraged part of all segments of the NHS to the point in 2006, that the first NHS hospital has been put under the total control of a private company by the Department of Health. Frank Dobson, New Labour first Health Minister (in Carvel 2006) summarising the reforms stated “If this is not privatisation of the health service, I don't know what is. It is about putting multinational companies in the driving seat of the NHS”.

Diversification

The Audit Commission (1986) identified a lack of incentives for local authorities to develop community care options (a strong argument for marketization), the absence of clear financial arrangements to facilitate the re-settlement in the community of long-stay hospital patients, colloquially known as 'bed blocking' the deficiency of a systematic approach to assessment formulating care arrangements and, more fundamentally, costing a key watch word under the Conservatives.

The Conservative's response was the appointment of Sir Roy Griffiths in an attempt to ensure resources were used 'as a contribution to more effective community care'. Griffiths (1988:17) identified three key objectives for a new community care policy. First, a focus upon the individual user and carer, meeting need, improving choice, promoting self-determination with the prolific intensification towards consumerism entered the discourse of community care. Second, the promotion of non-institutional support services to be delivered in the domestic environment and community settings to allow people to remain in their own homes and Third, effective targeting of resources, to ensure those most in need received services and to avoid inefficiency and waste of resources.

Griffith (1988: para 3.4) concluded that, rather than provide services directly, local authorities should become planners, commissioners and enablers, ensuring services are provided but largely by other agents in the mixed economy of welfare encouraged by marketization and greater roles for privatization: "The primary function of the public services is to design and arrange the provision of care and support in line with people's

needs. That care and support can be provided from a variety of sources. There is value in a multiplicity of provision, not least from the consumer's point of view, because of the widening choice, flexibility, innovation and competition it should stimulate.... It is vital that social services authorities should see themselves as arrangers and purchasers of care services - not as monopolistic providers”.

The Community Care Act (1990) was designed to create Griffith's “*mixed economy of care*” to take the pressure off the NHS both physically and financially by creating 4 categories of care. Firstly, Domiciliary - often known as "home-based", domiciliary services include home help or home care, occupational therapy and, in some instances, bathing services. Secondly, Day - these include all the different types of daytime care outside a person's home; e.g. day centres, lunch clubs or day hospitals. Thirdly, respite - to allow carers and people being cared for to have a break from each other. Fourthly, services for carers - carers, whether they are family, neighbours or friends, provide most community care. The work that they do often goes unrecognized. Yet many require financial help and need to be considered when an individual's needs assessment is being made.

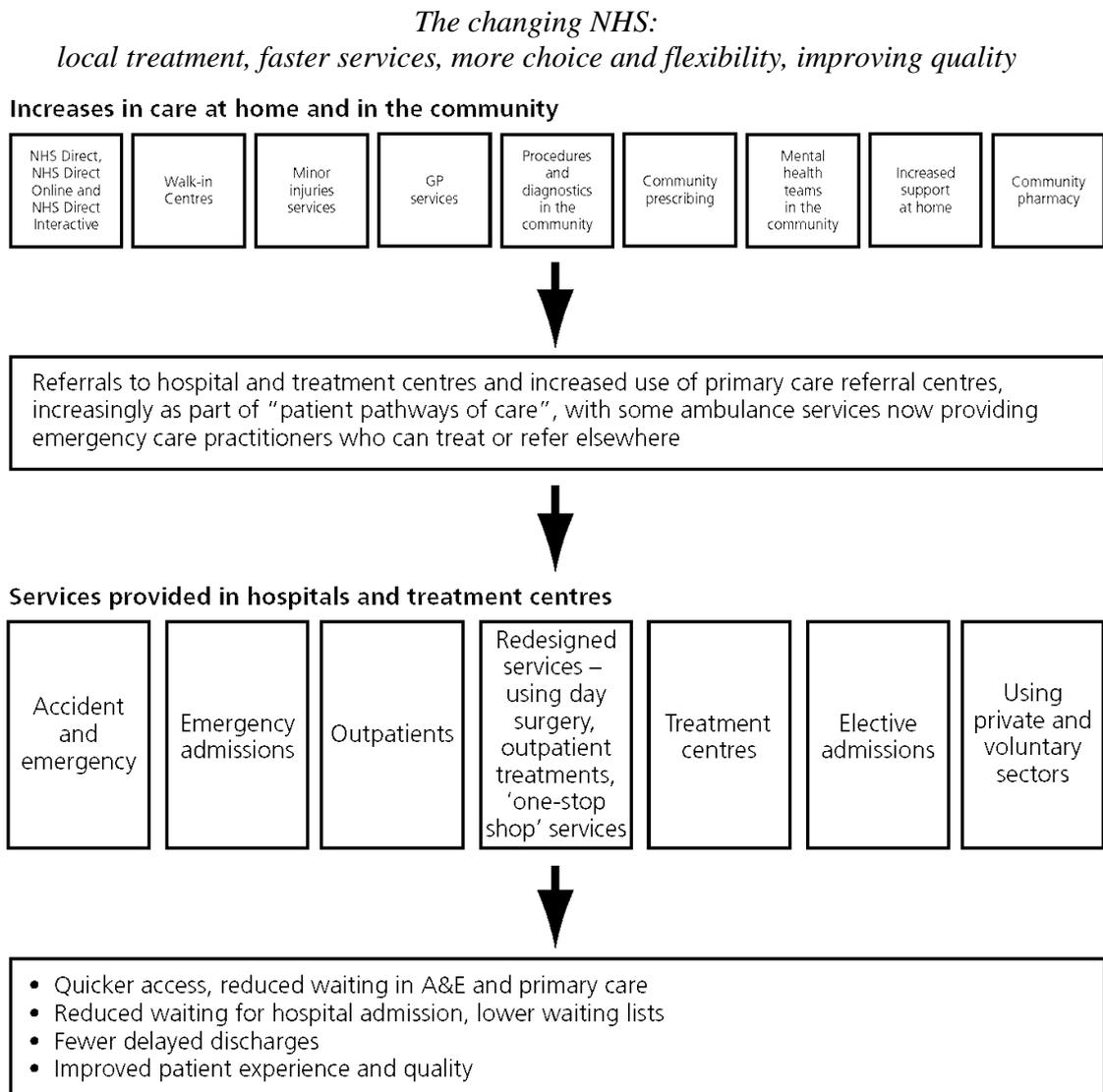
Reducing the pressures upon the NHS is the stated outcome of the Health of the Nation (1992) which aimed to reduce the numbers requiring the NHS by seeking to improve public health. This paper outlined the five biggest reasons for overcrowding of NHS facilities and attempted to reduce those by cutting the problem at source to reduce the ‘*causes*’ before they became ‘*symptoms*’. The power for treating these ‘*causes*’ was

allocated to outside bodies and agencies who 'educate' people on the 'dangers' of activities such as over drinking which has been taken up by the 'drink aware' organization www.drinkaware.com unpaid by the government. When New Labour inherited this culture of diverting the problems of the NHS onto other agencies in 1997 it was hardly likely to change it given a manifesto commitment to 'running the service-based on partnerships and driven by performance'. It was clear that their inheritance had already started this process and New Labour simply had to rework it to match 21st century demands by accepting that outside assistance would help the NHS perform better.

The New NHS (1997) also made clear the need to rid the system of outright competition, switching to a more collaborative approach that accepted the merits of all approaches, be they private or increasingly voluntary, taking people out of hospital thereby quickly freeing beds. *Shifting the Balance* (2001) only served to increase this trend with its emphasis on delivery of services through clinical networks and allowing the new SHA's to broker solutions to health issues. For example, the use of additional community services, such as hospices for terminally ill patients, which are better for the patient and reduce the pressure upon hospitals as a consequence.

The NHS Plan (2000) also expresses its dedication to informing patients of these alternative choices to hospitals or 'formal health care' as well legislation to make local authorities responsible for the costs of delayed discharges with incentives paid to fund home care, in particular older people. This was explained and justified as improving the public services matching the consumer's wishes of increasing patients' ability to 'die with dignity' or 'die in their own home' as outlined in the following diagram.

Figure 11 How New Labour is increasing care at home and in the community



Source DoH Chief Executive's Annual Report on the NHS (2005:13)

The NHS Plan (2000) expresses its 'improved care for patients' simply by taking them out of hospitals and back into the community returning to the Community Care Act (1990) under the Conservatives, while the Delivering the NHS Plan (2002) pledging to 'buy' care from the appropriate provider with emphasis upon community and voluntary agencies.

This approach to ensuring the best treatment for the patient was emphasised even at the end of New Labour by Hewitt (2006:28) in her speech to the Commons in January of that year concerning services going out to tender. “In six disadvantaged areas and many more to come, we are already holding open tenders through primary care trusts for the new primary care services. Applicants may be an existing GP practice that wants to expand, a nurse practitioner who wants to leave the service, a private firm, a not-for-profit organisation or a social enterprise, but the criteria—indeed, the whole process—will be open and transparent. Getting the best services for patients, with the best value for public money, will be the only thing that matters.”

New Labour’s ‘Third Sector Commissioning Task Force’ (2006) sets out practical advice for primary care trusts (PCTs) on how to make the most of voluntary, community and charity organisations when commissioning local services. The Third Sector Commissioning Task Force was formed in 2005 to promote a commercial partnership between health and social care service commissioners and third sector providers. The TSC Task Force report also offers tips to local organisations on how to successfully bid for PCT contracts. Third sector organisations, such as charities and social enterprises, are seen as having high quality, personalised services that can add to the existing health and social care available to local communities. Providing a diversity of services closer to people’s homes is one of the key objectives in the White Paper, ‘Our health, our care, our say’ (January 2006).

New Labour's dedication to diversification is strengthened with The National Strategic Partnership Forum (NSPF's) and The National Leadership Network (NLN). NLN consists of around 150 leaders from patient and user groups, clinicians and professionals, managers, regulators and inspectors, voluntary and commercial sector partners and others with a critical stake in the wider health agenda.

The NLN replaces the NHS Modernisation Board which advised and supported Ministers through the first phase of reform as part of the NHS Plan, again demonstrating New Labour emphasis upon diversifying health care. The NSPF's role is to help the voluntary, community and public sectors work effectively together to deliver responsive, high quality health and adult social care services for patients, service users and carers.

Collaboration with any and all bodies to assist the NHS was pioneered under Thatcherism. There are no reasons why New Labour would reject this advance as it is a free service reducing pressure upon the openly crippled NHS service, indeed accepting them as a formal part of the NHS structure.

Rayner and Scarborough (2005) study shows that the poor diets are placing a major burden of £6 billion a year onto the NHS, significantly higher than the £1.5 billion cost of smoking-related ill health. Their findings have found support from Cabinet Office (2008:viii) strategy document on improving health through food and Cottrell (2005), Nutrition Scientist for The Sugar Bureau who is considering the impact of sugar on the NHS. Rayner and Scarborough (2005) data calculated the impact of ill health and death

caused by diet using a measure known as "disability adjusted life years" (DALYs) discovering that 37 per cent of DALYs were linked to food-related disease - with heart disease, cancer and diabetes accounted for most of the burden. The researchers did discover that diet was not responsible for all cardiovascular disease, diabetes and cancer –which together account for 28 per cent of NHS costs with a bill of £18 billion in 2002. This only helps to overwhelm a chronically under funded and outdated health system, made more debilitating by an aging population and increased migration to the country requires the NHS to diversify to survive.

New Labour inherited a legacy within community care of ‘residential care’ verses domiciliary services, and an increasing role of informal carers which has saved the NHS an estimated £15 billion and £24 billion per year (Morris 2003). It is clear that in acknowledgement of this key service, New Labour wished to extend and improve this facility which generally patients wanted as it saved stays in hospitals. Linking back to the rise of PCGs/Ts after the 1997 NHS Plan, the NHS was forced to consider the best course of treatment by focusing on community developments and related community initiatives working together to tackle the causes of health problems.

The Thatcherite policies evolved from the Community Care Act (1990) were challenged and diversified by the NHS Plan 2000 which introduced the ‘National Service Framework for Older People’. By 2001 five NSFs had been published specifically outlining the role of community care and NSFs. Greater resources were allocated, around £750 million over three years, to push people out of hospitals and back into

community-based support services outlined also in Cooper's (2002:137W) Commons statement: "In the NHS Cancer Plan we pledged that the NHS contribution to the costs of specialist palliative care (including voluntary sector hospices) would increase. By 2004 the NHS will invest an additional £50 million in specialist palliative care. This will match on a national basis the funding provided by the voluntary sector and will enable the NHS to increase their contribution to the costs hospices incur for agreed levels of services".

The fundamental changes on Thatcherism provided the drive for greater efficiency in the delivery of community care, in particular the discrimination in terms of access to health and social care which had been ignored under Thatcherism. Furthermore the drive for additional assistance from the private sector NSF's was developed with the assistance of external reference groups bringing together health professionals, service users and carers, health services managers, partner agencies and other advocates. Summed up, New Labour formalized a voluntary community care system bringing additional funding but increased costs to bear upon the NHS, justifying the need for private sector funding irrespective of whether a patient was inside or outside an NHS hospital.

However, the introduction of a 'National Strategy for Carers' (1999) was an acknowledgement that carers deserve better, producing the 'Carers and Disabled Children's Act 2000' which gave carers the right to have their needs assessed and local authorities the power to provide services directly to carers. This thus completed the

marketization principle within health care via tendering out services and recognized that carers create reduced pressure upon the hospitals and should be rewarded for such.

The New Labour Government increasingly realised that problems with obesity, alcohol abuse and smoking were more about lifestyle than public health. In many cases government was not able to persuade people to change personal behaviour. Blair (2006J) said that the role of government was to enable and help people to act with responsibility. Referring to the problem of obesity, smoking levels, drinking habits and diabetes, he pointed out that "these individual actions lead to collective costs". Choosing Health (2004) outlined principles for better health and offered an informed choice (with the protection of those too young to choose, and ways of ensuring that one person's choice did not harm others), tailoring proposals to the reality of individual lives, and working together.

Among a myriad of actions to make the NHS a health promoting organisation as well as a treatment organisation the document proposed five main objectives. Government action on increasing the number of smoke-free workplaces, Curbs on the promotion of unhealthy foods to children, Clear, unambiguous labelling of the nutritional content of food. Better provision of information to the public, e.g. a *Health Direct* and NHS Health Trainers to provide advice to individuals on how to improve their lifestyle.

New Labour's legacy in 2007 is a ban on smoking in most public places such as pubs and restaurants. There would be restriction of television advertising before 9 p.m. of high

calorie junk foods and provision within primary care health of education on lifestyle. PCTs in the more deprived areas would, however, receive extra money to pilot such initiatives as health trainers, with local people advising others on healthy living. However, the financial crisis of the NHS in 2006 led many PCTs to divert money intended for Choosing Health to reduce the deficits which the government had said was their highest priority, and in his annual report for 2005 the CMO regretted the low priority given to spending on public health services, compared with clinical ones.

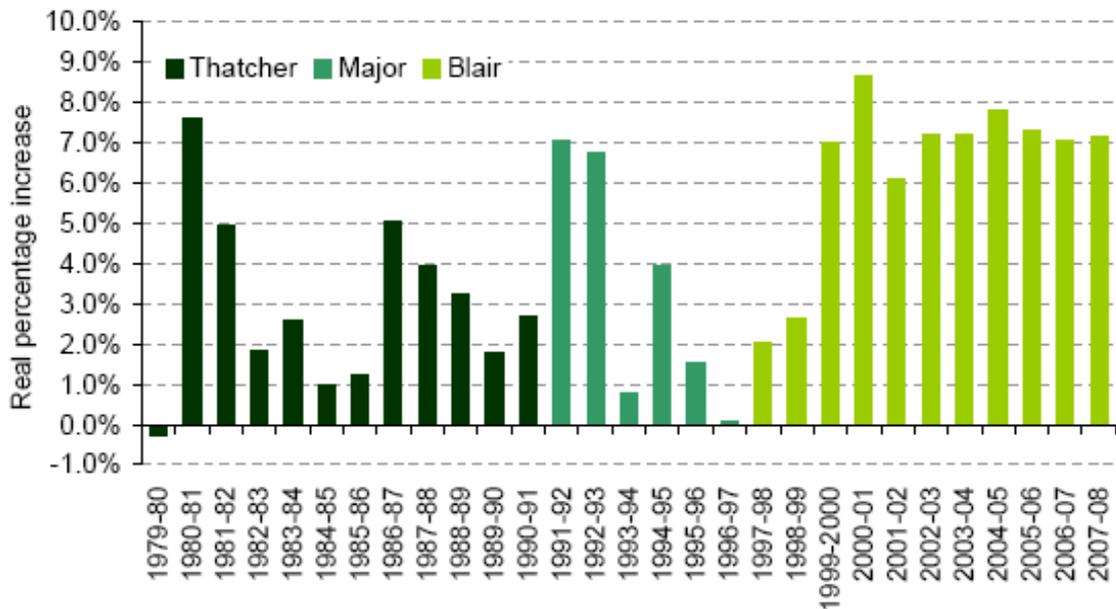
Overall, within ‘diversification’, in finding alternatives to hospitals New Labour has accepted the Thatcherite legacy and made the link a formal part of health policy. What was mainly a ‘voluntary service’ under Thatcherism has been formalized and recognized under New Labour with payments to match the time and effort of carers by making them a formal part of the NHS service. In 2009, it is clear that the NHS has been diversified away from simply treatment orientated to a multi tasked agency run by both state and private companies thereby aiming to reduce those activities which create the over pressure upon the service (preventative orientated).

Expenditure

Expenditure presents one of the main challenge to the conclusion of a compounded bipartisan approach as New Labour have without argument invested more in health than the Conservatives on a consistent and targeted basis. Mullard and Swaray (2006) supported by Houten (2005) and Dorrell (2005) studies of public expenditure confirms that there are major differences in policy priorities between Conservative (defence, law and order) and Labour governments (health and housing).

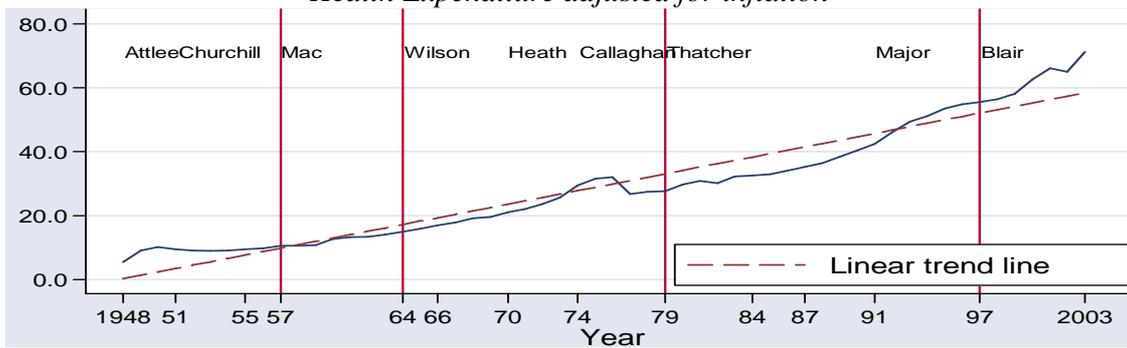
Although the actual source of this financial investment does pose questions as to the actual level of government compared to private finances and whether the rise is in fact simply linked to increased private finances. The level of financial input inclusive of Private Sector involvement is not unprecedented as figures later in this chapter show. However, it is an unprecedented level when considered as a consistent figure over the 10 years demonstrating New Labour's clear orientation towards increased finances for the NHS. Mullard and Swaray (2006) address the Conservative legacy with a public expenditure analysis which they claim helps to explain the nature of Thatcherism.

Figure 12 Annual increases in NHS spending, by Prime Minister since 1979–80



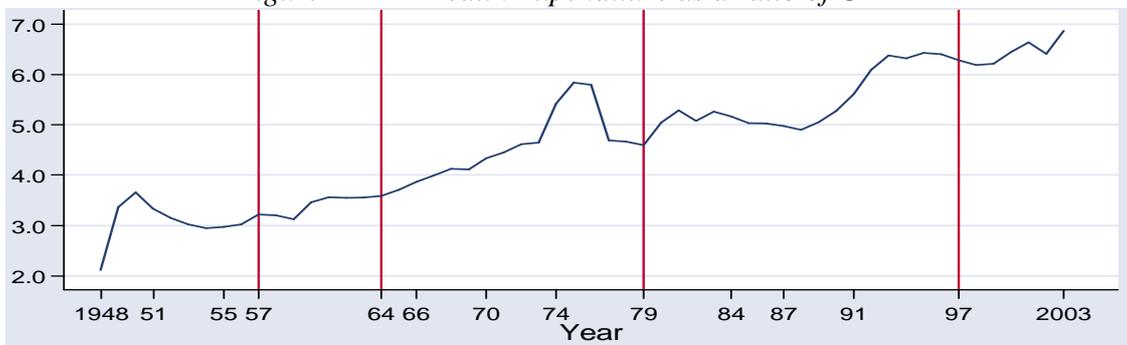
Source: Emmerson and Frayne (2005:3)

Figure 13 Health Expenditure for the period 1948-2003 in billion: Health Expenditure adjusted for inflation



Source: Mullard and Swaray (2006:505)

Figure 14 Health Expenditure as a ratio of GDP

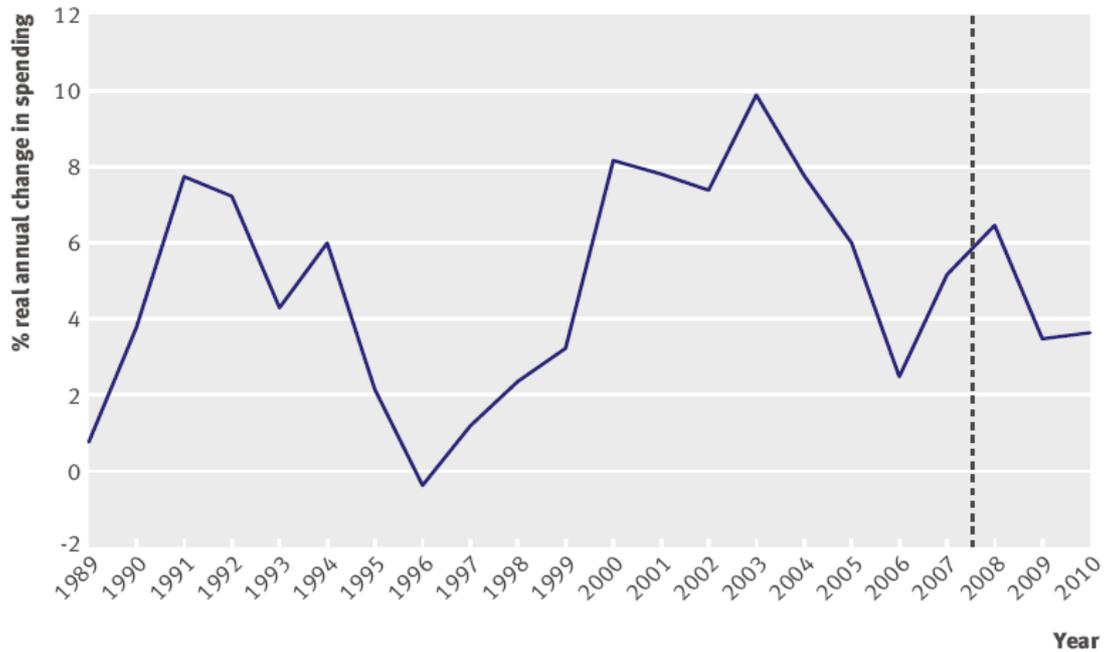


Source: Mullard and Swaray (2006:505)

During the period 1979 to 1997 expenditure at the levels of programmes fell below the long-term historic trends for each year the government was in office. The Thatcher governments thus succeeded in making a break with the post-war expectations of continued expansion in health, education, housing and social security. The continued reductions eventually contributed to the neglect of public sector infrastructure expenditure including new hospital buildings and refurbishments. Within a regime of cash limits, hospital trusts tended to vary spending from capital to current spending. There were increases in poverty as child benefits declined in value and unemployment remained high for long periods. The increases in spending on health *did not* correspond with rising demands, which in turn resulted in longer waiting lists for hospital treatment.

New Labour's inheritance was therefore to play an inevitable part in policy direction as infrastructure became its major investment area post 1997. In health expenditure, increases have been significantly higher on average under New Labour as demonstrated in the below graph. However, real annual increases in NHS funding in excess of 7.0% have occurred previously, for example in 1980–81 (with the implementation of the Clegg pay awards) and in 1991–92 (at the time of the internal market reforms) and therefore represent nothing new. New Labour's increases do though represent the largest sustained increase in NHS funding since its birth as noted below. Clearly compounded is New Labour's reliance upon private funding to support the NHS. The NHS Plan (2000) set out a target of "over 100 new hospital schemes in total between 2000 and 2010".

Figure 15 NHS Real Annual Percentage Spending

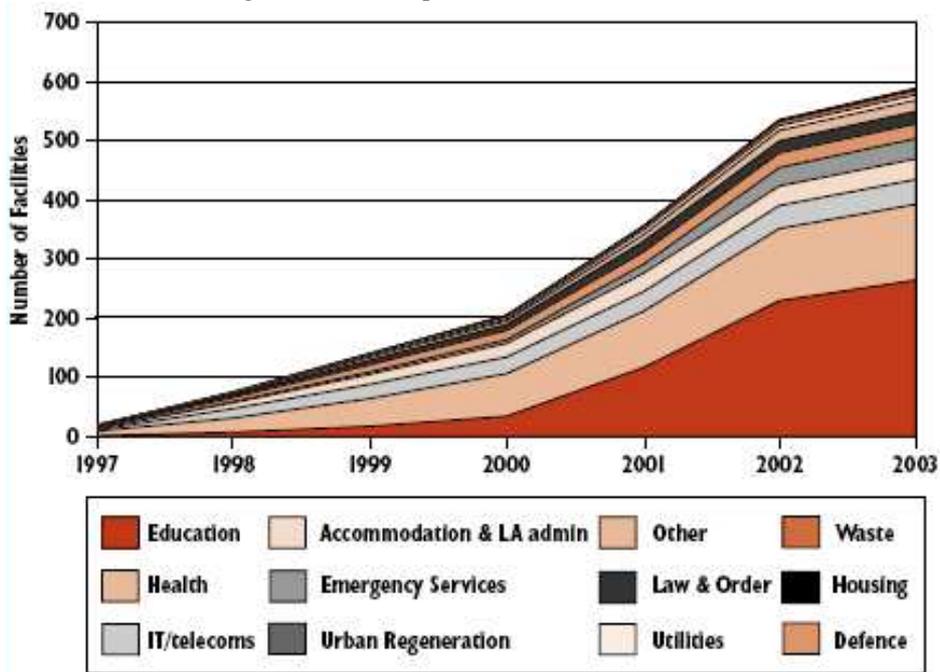


Percentage change in UK NHS real and volume spending
Thatcher (83-88) 2.1%pa, Thatcher/Major (87-92) 4.1%pa, Major (92-97) 2.6%pa,
Blair (97-01) 4.8%pa, Blair (01-07) 7.4%pa
Data Source Timmins 2007:877-878

**Data for 2008-9 to 2010-11 are estimates based on 2007 spending review in England and draft plans for Scotland, Wales and Northern Ireland*
Graph Source HM Treasury (2007)

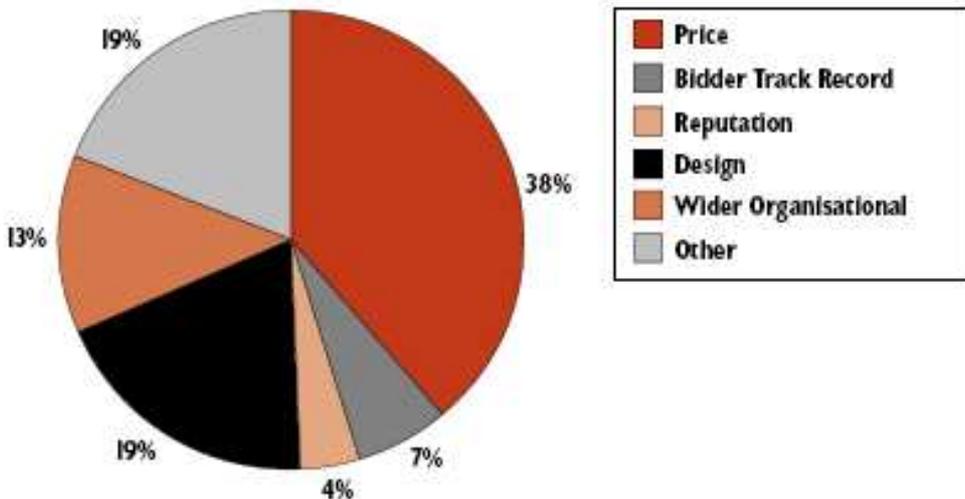
The Private Finance Initiative (PFI) has been the major method of procurement for this growth in hospital building schemes. In total 57 hospital schemes are now operational and of these 48 were delivered under PFI, the second largest investment behind education as demonstrated HM Treasury (2003:53) diagrams below. In a memorandum to the House of Commons Health Select Committee in December 2005, the Department of Health estimated that overall spending on PFI schemes would be £18.3 billion from 1997-98 to 2013-14. The government's own reports demonstrate that this is based on the premise that the schemes are cheaper, offer better design and provide wider organisational schemes but *not* on the basis of a better service for patients.

Figure 16 Operational PFI Facilities



Source: HM Treasury (2003:24)

Figure 17 Motivations for PFI Investment



Source: HM Treasury (2003:53)

The Adam Smith Institute (2000) notes that increases in private expenditure on health have just kept pace with public expenditures but have not exceeded them. If one looked further back, for example to the mid-1970s, then the picture would be somewhat

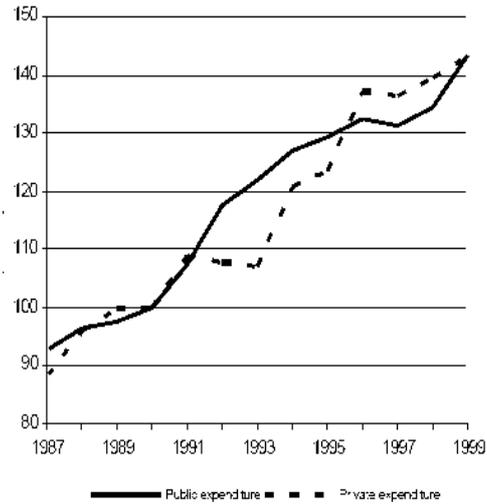
different, showing that the private share of total health spending has grown significantly over the past thirty years.

Table 10
Expenditure on PFI Schemes (£million)

1997-98	58
1998-99	183
1999-00	362
2000-01	595
2001-02	534
2002-03	445
2003-04	527
2004-05	680
2005-06	1,268
2006-07	1,602
2007-08	1,992
2008-09	2,279
2009-10	2,334
2010-11	2,145
2011-12	1,527
2012-13	1,145
2013-14	619
Total	18,295

Source: DoH (2005)

Figure 18
Trends in Real Public and Private Health Expenditures in the UK (1987-1999)

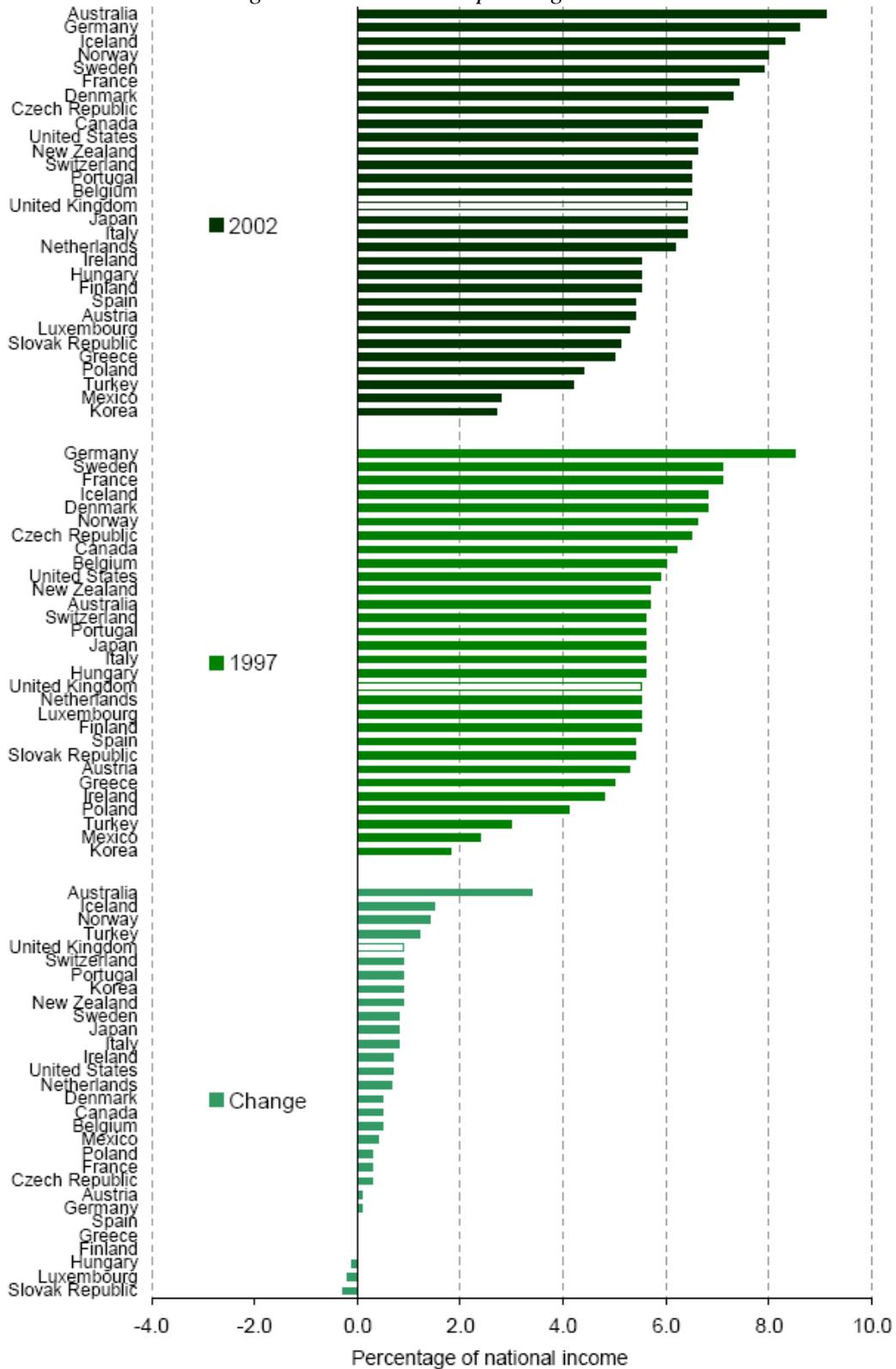


Source: Adam Smith Institute (2000)

However, over the last decade the private share of total spending has stayed remarkably constant, fluctuating between 14 and 16 per cent assisted by a pledge to restrict to no more than 15%, a decision revoked by Hewitt (2006-cited in Weaver 2006). New Labour's pledge in the 2001 Labour Party manifesto stated that "over time we will bring UK health spending to the EU average" with the Prime Minister in 2001 confirming that UK health spending would reach the European average by 2005.

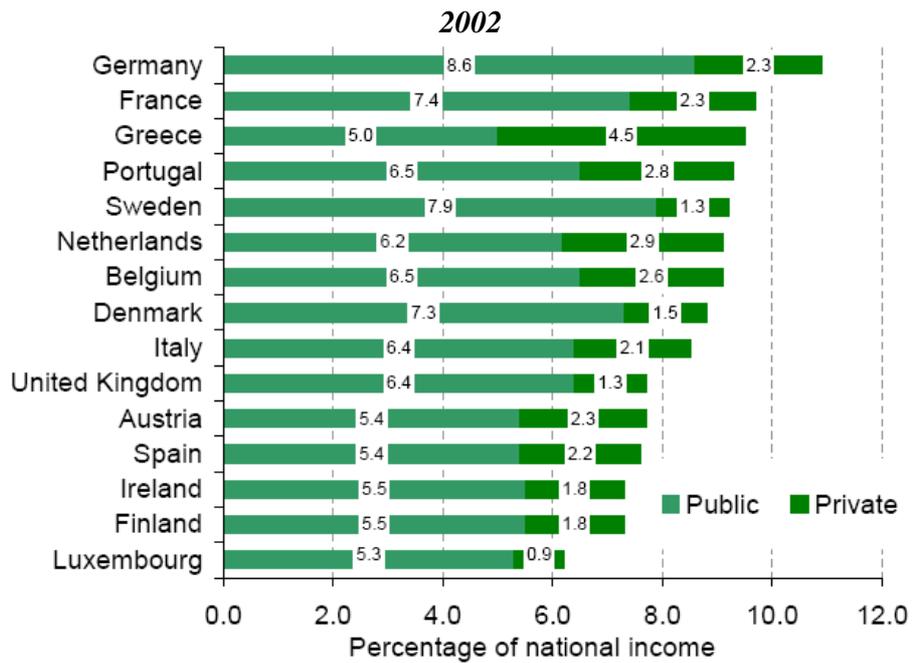
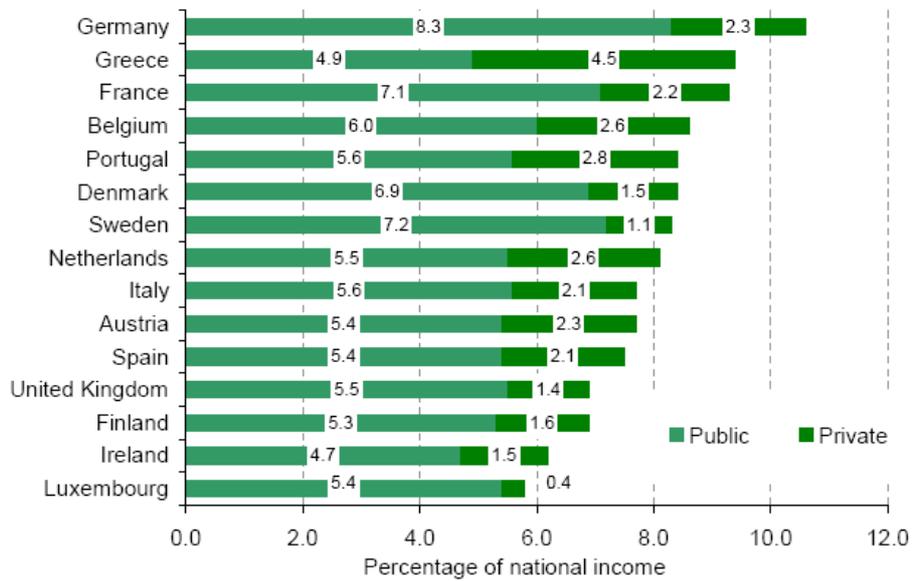
Despite this in 2007, Britain remained, as in 1992 averaging around the 11th largest health contributor from national income in Europe (out of 15 countries) outlined in Emmerson and Frayne (2005:10-12) study and summarized in the below graph from OECD Health Data (2004:Tables 10,12).

Figure 19 Public Spending on Health



Source: OECD Health Data (2004:Table 12)

Figure 20 Public and Private Health Spending across the EU 1998



Source: OECD Health Data (2004:Tables 10,12)

New Labour has failed to move beyond their investment legacy, both private and public, as their increases in health expenditure have only matched those invested in other leading European countries: The ‘investment gap’ remains, despite its own Wannless Report

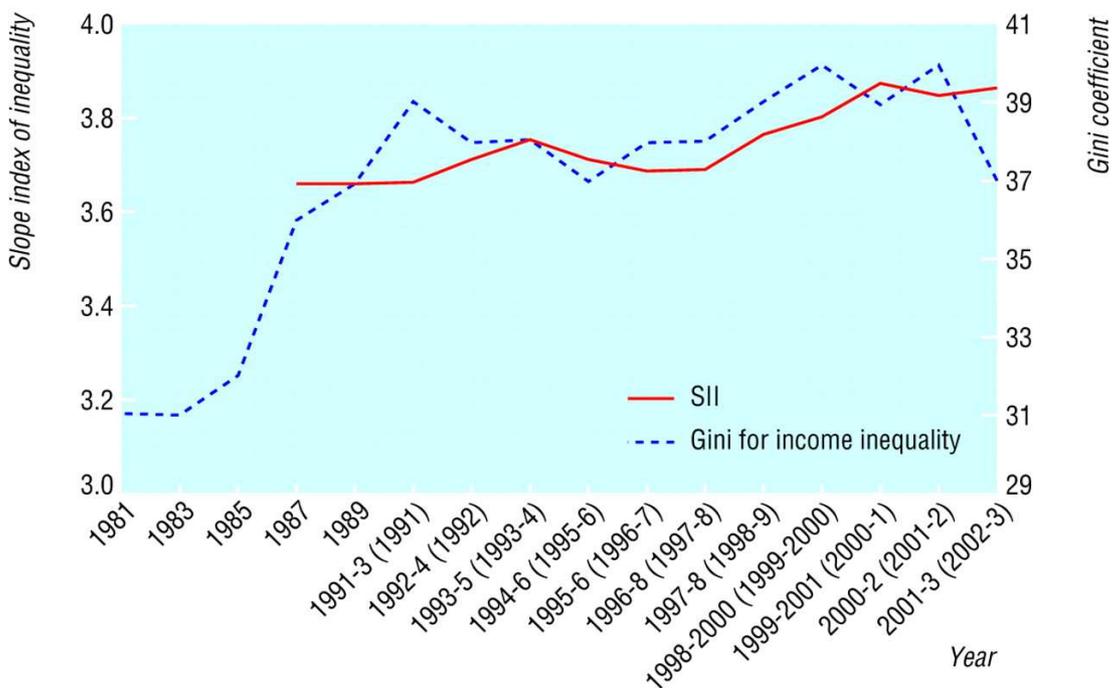
(2002) which stated to create a health service suitable for 21st century required a major investment of over 8% per year. However, the importance of simply increasing funding to achieve an improved health service is questionable given the structural and procedural failings that from the outset, had prevented the system from working efficiently, a system inherited and then compounded by New Labour.

The Blair governments have certainly provided additional resources for health, (as well as for education and social security. Sure Start, the minimum wage, working families' tax credits) which have mainly benefited the bottom 10% of income earners. Public expenditure analysis by Emmerson and Frayne (2005:10-12) corroborates that the New Labour government has actually reversed the continuing reductions in public expenditure, which had started under the Callaghan government and continued during the years of the Thatcher government increasing above the long-term trend of the past two decades. The Blair government has also placed greater emphasis on the need to connect the volumes of public expenditure with specific policy outputs. The Spending Reviews of 1998, 2002 and 2004 established a series of Public Service Agreements (PSAs) with individual spending departments, arguing that PSAs would directly contribute to reducing health inequalities.

PSA 2002 and 2004 established performance targets. These included the target to improve longevity for men to 78.6 years and for women to 82.5 years, reducing mortality rates from heart disease and cancer while reducing waiting times for patient appointments with GPs and hospital referrals. By 2004 health spending in the UK reached the

equivalent of 7.7% of GDP with a projected forecast for health expenditure to reach 8.1% of GDP by 2013 a clear break from the Conservative model which checked public expenditure. Conversely Shaw et al (2005) demonstrate that health inequalities have continued to accelerate under New Labour governments with increases in income inequality correlated with increases in health inequalities.

*Figure 21
Slope index of inequality (SII) for life expectancy (by area level poverty) 1992-4 to 2001-3, and income inequalities (gini coefficient) 1981 to 2002-3.*



The first years shown relate to income inequality trend, the years in brackets relate to life expectancy data, which are three year aggregates. The gini coefficient (the ratio of the area under the Lorenz curve to the area under the diagonal on a graph of the Lorenz curve) is a measure of inequality where 0 represents complete equality (all people have the same income) and 100 represents the most extreme inequality (one person receives all the income).

Diagram Source: Shaw et al (2005:1018)

Between 1992 and 2003 the life expectancy between the top 10% of income earners and the bottom 10% has increased to more than four years and that between the top and richest local authority and the bottom (Kingston and Glasgow City) the gap had increased

to 9.4 years (Shaw et al, 2005). The stated aims of the PSA for health to reduce health inequalities has, like the Conservative's policies, failed to deliver despite all the perceived benefits of the New Labour's stance, the Conservative 'inverse care law' has been compounded.

As Shaw et al (2005:1020) note this failure has arisen despite a favourable economic legacy inherited from the Conservatives in comparison to their inheritance in 1979, which should have allowed for greater equality. "Despite favourable economic circumstances and inroads made by initiatives such as the national minimum wage, new deal and tax credits, more substantial redistributive policies are needed that address both poverty and income inequality".

Section 4 *Health Analysis Conclusion*

New Labour took office with much good will and many, both professional and lay, with a manifesto promising increased funding and investment in the health services. Their agenda for achieving this was unclear at first, but was to follow the NHS Plan, a 10 year national strategy that was the result of widespread consultation. This aimed for a radically different type of service, abandoning the old monolithic NHS and replacing it with one that was devolved, decentralised, and with greater power in the hands of the patient. Reform would be self-sustaining: instead of relying on the crude and blunt instruments of centralised performance management and targets, there would be a fundamental structural change with incentives to respond to changing patient demand. The Wanless Report (2001, 2002) exposed the depths of decades of under-funding, and the public agreed. Over the decade funding trebled to £94 billion.

The NHS was increasingly based on choice, plurality of providers and competition. Some of the interventions moved the NHS towards managed health care, an importation from the USA reflecting the competition of the market. The characteristics of the Kaiser Permanente scheme involved an integration of funding with provision of service, and integration of inpatient care with outpatient care and prevention. The focus was on minimizing hospital stays by emphasizing prevention; early and swift interventions based on agreed protocols, and highly coordinated services outside the hospital. Teaching patients how to care for themselves, emphasis on skilled nursing and the patients' ability to leave for another system if the care received is unsatisfactory seem to have been confirmed by this thesis.

There was also an increasing recognition by Labour that earlier Conservative reforms had been on the right track. Simon Stevens (2004), Policy Advisor to 10 Downing Street from 2001-2004, wrote that the attempt by New Labour to increase capacity, improve quality, and increase responsiveness while avoiding cost inflation was based on three parallel strategies. First, supporting providers by increasing their number, modernizing infrastructure and supporting learning and the improvement of the system. Second, improving efficiency and reducing variation in performance by setting standards, inspection, regulation, publishing performance information and direct intervention when necessary and Third, using market incentives and local accountability.

Within the marketization division there is clear bipartisan compoundment. New Labour, having received a legacy of open competition and a powerful political mandate, accepted this legacy although their options were limited to accept, adapt or renationalize. Powell (2003) recognised the great similarities between the Conservatives and New Labour in the adoption of quasi-markets, even if quasi-markets have in principle been in operation since the 1930's. New Labour like its Tory predecessors has shown a clear preference for quasi-markets with strong competition and price as well as high conditions for success of the market scheme if the criteria of Powell (2003) are accepted. Within this market scheme variations can be found in the structure of the 'market system', with the removal of 'Gatekeepers' and the introduction of stronger 'purchasing' roles since 1999.

OfHM (2003:34) also recognises that the present government has begun to soften its market rhetoric with ‘commissioning’ replacing ‘purchasing’ as its policy has become focused on other areas, such as improving the health of the population and ensuring that medical decisions was clearly evidenced based. OfHM (2003:34) concludes that “fundamentally...government was caught between its faith in the power of the market to deliver choice and raise quality and fear that a true market would lead to strong health inequalities and fractures planning”

Within privatization, Thatcherism again presented opportunities to New Labour which it has adopted, developed and diversified. Thatcherism’s privatization policy was more explicit than New Labour as there were simply more state monopolies available back in the 1980’s. In contrast, New Labour inherited extremely few, perhaps only Air Traffic Control, BT Directory Enquires and National Application Service Provider which they have now privatized. New Labour’s main diversification within privatization is to extend and expand the links between private companies and the state with the hospital building projects, introduction of PPP’s and increased tendering opportunities.

This leads to evidence within expenditure that New Labour has increased public spending in health sharply since April 1999 which represents the largest sustained rise in spending on the NHS since its inception. Public spending on the NHS has increased much faster since Labour came to power than it did during the Conservatives’ 18 years in office supported by record private investment into health care provision, treatment and creation of services. By historical standards, spending in health has grown particularly quickly

during Labour's second term in office which has meant that the Blair's pledge to bring health spending up to the EU average has been met, if the benchmark is the simple average of EU health spending in 1998.

However, UK health spending in 2005–06 and through into Gordon Brown premiership is likely to be below the more meaningful weighted average of health spending among other EU countries in 1998, let alone what they have spent on healthcare more recently.

What level of bipartisanship has occurred?

This chapter has explained the bipartisan approach to health, leaving two possible levels: superficial similarities but quite marked differences under the surface; or superficial dissimilarities but quite marked similarities once one gets into the detail of the reforms themselves. A 'superficial dissimilarities' conclusion is difficult to justify given the fact that there are superficial similarities within the three sub-divisions of decentralization outlined throughout this chapter. Therefore, the suggestion that superficial similarities can be observed in Tory and New Labour policy-making – but with some marked differences also being observable between the two parties - matches the evidence presented in earlier chapters and the thesis as a whole.

Why has this bipartisanship occurred?

Research has suggested that this is a consequence of New Labour's approach to politics in general. Thatcherite Conservative policy was based on a '*New Right*' approach to politics in which the right of choice is returned to the electorate.

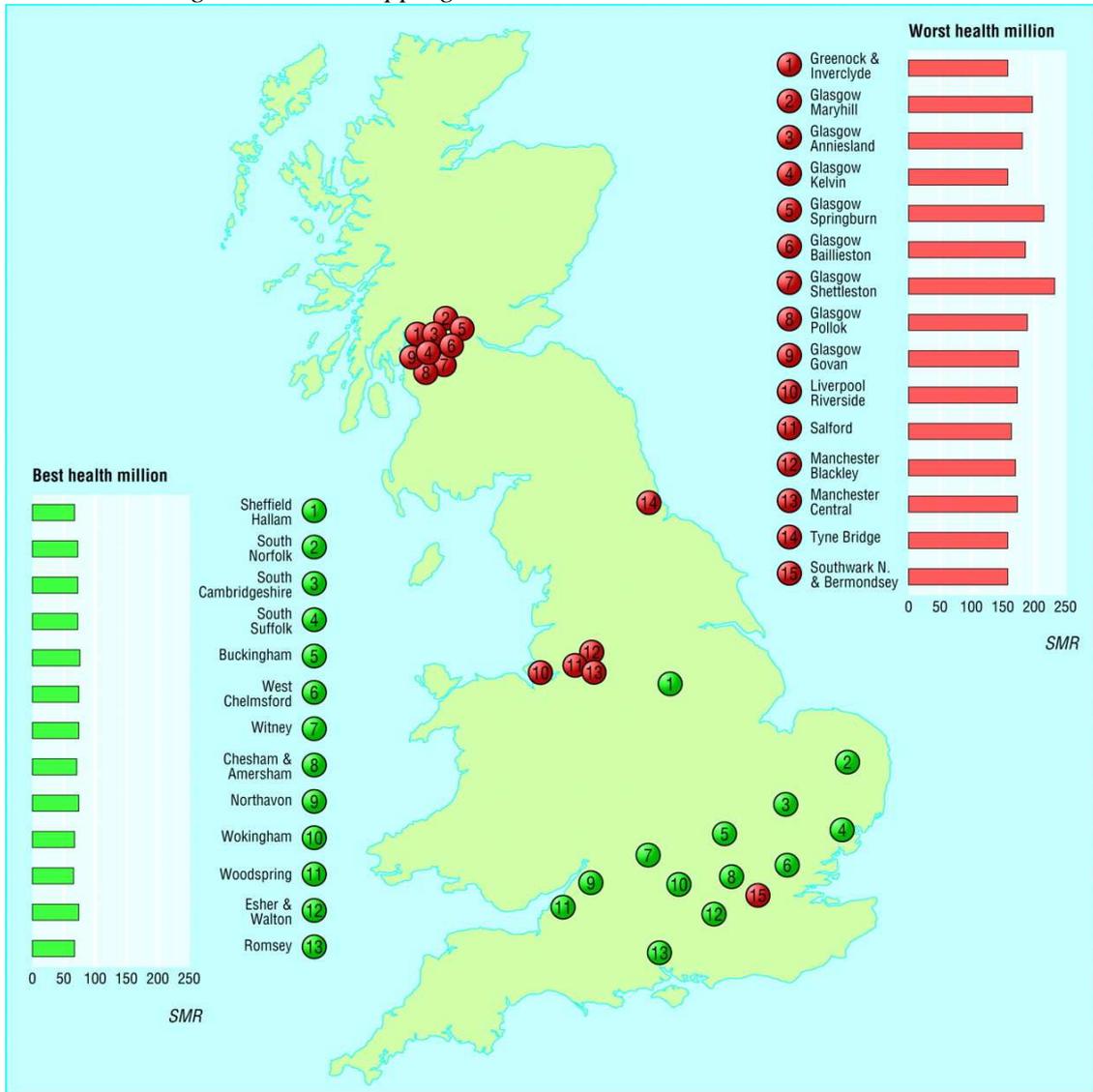
Within health this manifests itself in the Working for Patients (1989) and Patients Charter (1992) ensuring the state was made to work for the patients and allowed them choice which they had earned through financial reward for work mainly the option to withdraw from state services and use services which they felt benefited their personal treatment. The Thatcherite Conservative model as such adhered to a 'strong state free market' principle of allowing individuals to use their own resources to pursue their own treatments or presenting more choice within the NHS itself.

New Labour has been more traditionally described in comparison to Thatcherism as an '*egalitarian*' approach to politics, demonstrated by its policies seeking greater equality and inclusion to removing geographical inequalities and the 'Inverse Care Law' (Le Grand 2006). This is best demonstrated by the NHS Plan (2000) and its subsequent document 'Delivering the Plan' documents which stress improvements to the state NHS system for the whole society using all available resources to produce a health service fit for the 21st century. New Labour's repeatedly expressed rhetoric was directed at tackling health inequalities: "Tackling health inequalities is a top priority for this government" (Bleas 2002 cited in DoH 2002). Indeed, the government has launched repeated and unprecedented initiatives signalling its intent to tackle health inequalities through an

independent inquiry (Acheson 1998) a "cross-cutting review," (DoH 2002) and a "programme for action" (DoH 2003).

This is not simply a health target but a measure of New Labour's failure to meet its own targets as Frank Dobson (Dobson/DoH, 1997) then Health Secretary observed; "Inequality in health is the worst inequality of all. There is no more serious inequality than knowing that you'll die sooner because you're badly off", which he regarded as the most basic of all government targets for "bringing Britain together". The research of Le Grand (2006:3) and Shaw et al (2005:1118) summarised in the below map demonstrate there is still a long way to go before there is an equal health service in the United Kingdom.

Figure 22 Mapping the best and the worst health in Britain



The areas (parliamentary constituencies) containing the million people with the highest and lowest premature mortality (standardised mortality ratios (SMR) for deaths under 65 years of age) in Britain, 1991-5. (Average standardised mortality ratio for England and Wales=100)

Source: Shaw et al (2005:1118)

The evidence for example by Powell (2000:56-57) confirms that the legacy inherited by New Labour in 1997 makes a level of bipartisan policy approach inevitable. Le Grand (2002b) expands this argument further by suggesting that within public expenditure the realm of a clear polarisation in sums invested can be identified and can be put down to requirement. The Wanless Report (2001, 2002) expresses the need for investment at the

New Labour level to maintain its present form (that is, publicly funded and largely free at the point of use) although the figures were assisted by greater private health investment. The scale of chronic underinvestment during the Conservative governments effectively left New Labour with no other option than to find investment for infrastructure which was achieved through increased private finance again as Britain are no longer seen as contentious in accepting its benefits.

Gordon Brown as Prime Minister marks the end of New Labour. Researchers, for example Le Grand (2002b) believe evidence shows they did find the right model for health or where at least on the right direction. However, New Labour's failure to achieve as wished highlights two major factors that were inherited from the Conservatives, and still forming part of their legacy in 2007 which cripples any health system.

First, there is a lack of capacity: there is simply a shortage of medical staff, requiring the need for increased numbers of overseas recruits although this is proving difficult. This is extended by the low level of acute hospital beds compared to Europe which drives the need for a 'concordat' with the private sector and other European countries despite the small size of the private sector in Britain. Moreover, the private sector is staffed mainly by NHS consultants on a self-employed basis, so overusing the private sector which inevitably also encounters the problem of staff shortages.

Robinson (2007 quoted in Lambert 2007:3) a managerial expert brought in by the Richmond NHS Trust to improve its services emphasises that to improve the NHS staff

must choose between private and state practices which he recognises himself is one of his most controversial recommendations: “I’ve no problem with private medicine – I buy it myself – but it is being driven by the NHS waiting lists. I don’t care what doctors say about how purist they are – you need to get this distinction clear: whether you are working for the NHS or privately”. He continues “And all this was in a hospital that is not failing, is not in deficit, has achieved Foundation Trust status and is not threatened with any cuts”.

Second, the shortage of nursing homes means increasing bed blocking and inability to take in new cases thus increasing the waiting lists. When combined with financial problems emphasised in 2006 with the increasing need to close wards and lay off staff, the models of health are fighting a losing battle an argument best summarised in Gage and Rickman (1999:18); “Regardless of the system, patients are unlikely to be empowered until administrative restrictions, capacity constraints and information deficits are removed and until GPs have appropriate incentives to internalise information about patient preferences. Whatever their other strengths may be, it is not obvious that PCGs deal with the first three of these issues any better than fundholding, and they may worsen the situation with regards the last one”. Calman, Hunter and May (2004) strengthen this debate by suggesting New Labour’s reforms may not be meeting their intentions creating additional failings as a result. “There appears to be an inconsistency between the quasi-market system being introduced into the NHS on the one hand and the public health issues that are now seen to be so important on the other. Foundation trusts, for example,

may not consider public health to be one of their responsibilities. This outcome must be avoided at all costs”.

Policy convergence with the Conservatives is demonstrated, although it may be more accurate to use the term ‘policy adoption or adaptation’, as Labour realized that in many cases it would be difficult to turn back the clock to 1979. Labour inherited a welfare landscape not of its making. Its pragmatic response was to accept or modify the reforms that appeared to work, and reject those that did not. However, their legacy in 2007 clearly demonstrates a failure (as with the Conservatives) to deal with the major factors that cripple any system introduced to run the health service.

This thesis’s conclusion draws strongly upon the critical health discourse approach, summarised for example in the work of Crinson (1998); Atkinson (2000), Schmidt (2001) and Greener (2004). New Labour has moved through different phases during its time in office, summarized in the below table from Greener (2004:312). This creates a dependence on timescale or phase selected for an assessment as any conclusion reached will therefore vary.

Table 11

Three Phases of New Labour Health Policy

Driver for change	1997 Quality	2000 Performance	2002 Choice
Key Words	Primary Quality Responsibility Efficiency Local	Private Patient Reform Inspection Modernisation	Choice Reform Modernisation Local Private
Role of private sector	Ambivalent?	Partner/example	Partner/fellow provider
Performance Regime	Unclear	‘Traffic Light’	‘Stars’
Role of Market	Pariah	Unclear	Patient ‘choice’ central to driving improvement
Philosophy	Fabian	Third Way	Garbage can
Role of Manager	Partners with health professionals	Drivers of reform	Heroes(successful) and villains (unsuccessful)
Legitimacy	Fabianism Continuity	Rationality	Consumerism

Source: Greener (2004:312)

The first phase of New Labour (1997-2000) was a relatively un-contentious, Fabianism, emphasising continuity (Greener 2004). The second phase (2000-2002), with its emphasis on performance and rating systems, began the process of drawing from old health policy ideas; any novelty value came from their combined use and an associated use of defined punishments for Trust organisations that could not comply with the national performance standards. The third phases (2002-2006) in health discourse with the use of the language of consumerism in the creation of a new internal market, is not new either. The innovative aspect of the market reforms under New Labour appears to be their attempt to base the choice element of the market around patients rather than doctors,

who were meant to drive the internal market of the 1990s while making 2006 the clearest year for demonstrating their reliance upon private sector involvement (Marsh and Halle 2006). Greener (2004:312) concludes that “the discourse of health consumerism, with its persistent recurrence over the last 10 years, looks here to stay”.

It is nonetheless important to stress that through research, for example by Mullard and Swaray (2006), it has been demonstrated that New Labour has concentrated greater public expenditure, using an evidence-based (Treasury 2005) approach, compared to the Thatcherite ‘Star Chamber’. If a conclusion drew simply upon a public expenditure model then it could be argued to be misleading to simply describe the Blair government simply as a form of continuity with the agenda of Thatcherism.

CHAPTER 3
ANALYSIS OF EDUCATION
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Section 1

Introduction

Increasing choice but at a price

This chapter is the second to make direct comparisons among the policies introduced in the course of 1979-2007, considering the level of compounded bipartisanship in marketization, privatization and diversification within education policy. Expenditure is compared again as it poses the main challenges to the bipartisanship debate as New Labour has clearly invested heavily, although arguably as a result of the lack of investment under the Conservatives (Le Grand 2002a, 2002b, 2006). To aid comparison, eight core policies are highlighted as representative of the government's overall strategic approach to health expanded by interviews, academics and government documents.

Table 12 Selected Education Policies

Education Act	1979 Thatcher Conservatives
Education Act	1980 Thatcher Conservatives
Jarrett Report	1985 Thatcher Conservatives
Education Act	1988 Thatcher Conservatives
Further Education Act	1992 Major Conservatives
Dearing Report	1993 Major Conservatives
Education Act	1993 Major Conservatives
Education Act	1997 Major Conservatives
Excellence in Schools White Paper	1997 Blair New Labour
Teachers: Meeting the challenge of change	1999 Blair New Labour
2001 Schools – Achieving Success White Paper	2001 Blair New Labour
2004 Higher Education Act	2004 Blair New Labour

Research from Chitty (2002), Le Grand (2002, 2006), West (2002) Brown (2003), Armstrong (2005) and Poole and Moody (2006) all draw upon the same sources which suggests their prominence in approaching this topic. The cross section demonstrates the main assertion of this thesis of a bipartisan approach to welfare politics compounded under New Labour. Both parties have developed similar political policies and orientations which were not based on either financial or political requirements of their specific period. Other alternatives were possible making their decision a conscience one.

Prominent with all three subsections for both parties' policies, as in health, was the increasing influence of choice. Choice of services, facilities and availability to the 'consumer' ensuring education responded to the needs of the parents and children of that area and independent of location if at a financial price. New Labour continued and extended that choice by increasing its availability to 'deprived areas' with Education Action Zones post-1998 and within Higher Education by making 500,000 additional places available in universities in particular for class V (lowest) and students with disabilities, emphasised by the Special Needs and Disability Discrimination Act (2001). This is also supported by Charles Clark's (2004:1011) Commons statement on New Labour's five year education strategy set out in 2004:

"My hon. Friend is right to point out that the overwhelming majority of parents do have choice. However, the areas in which parents do not enjoy choice are not spread evenly throughout the country, and in some areas the level of choice is inadequate, which is why we are investing in them. As my hon. Friend suggests, the level of choice is least in those

working-class areas in which education provision has failed for a number of years. That is why we are investing in them through independent specialist schools and the city academies, and it is to those areas that resources should be directed. Through programmes such as excellence in cities and those that deal with behaviour in schools, we will continue to focus on extending choice in those areas where the level of choice is least”

Charles Clark (2004:1011)

Under ‘marketization’, Britain, like much of the developed world, saw the introduction of quasi-markets into former state-run monopolies, including education and health. Legislation enacted in 1980 gave a much greater priority to parental choice than previously and, as a result of the Education Reform Act (1988), open enrolment was introduced and schools were funded on a predominantly per capita basis. Thus the education reforms introduced by the Conservative government in 1988 resulted in the introduction of a ‘quasi-market’, ‘quasi’ as they do differ from conventional markets (Le Grand and Bartlett 1993).

Education quasi-markets as with conventional markets, have on the supply side competition between service suppliers—schools—and so competition between institutions for pupils with financial rewards following the pupils. On the demand side, consumer purchasing power is not expressed in terms of money in a quasi-market. Instead it takes the form of an earmarked budget confined to the purchase of a specific service. Taken together with the publication of examination results in the national press

from 1992 onwards, certain schools that were oversubscribed were, and are, theoretically in a position to ‘cream skim’—that is, select pupils that will optimise their ‘league table’ results. However, only schools that were responsible for their admissions and were oversubscribed were, and still are, in this position. Schools falling into this category are foundation (former grant-maintained) and voluntary-aided (religious) schools (some of which were also previously grant-maintained).

Within ‘privatization’ the introduction of private funding or private assistance to the state education system will become explicit through this chapter and the thesis as a whole. A striking feature of the UK public sector reforms of 1979-97 was the emphasis on administrative, rather than political, decentralization which resulted in a fragmentation of the public sector into its constituent “business units” with great similarities to New Zealand (Walsh et al 1998). The state was no longer to be a sole supplier or monopoly but act as enablers, with PPP (Public Private Partnership’s) increasingly introduced to create and run schools in inner cities under titles such as ‘Beacon’ or ‘Specialist Schools’. Thatcher is long remembered for allowing schools to opt out of LEA control, increasing Grant Maintained Schools which New Labour quickly reduced and then abolished upon taking office. Private assistance for Higher Education is clear with the role of private companies to fund students through university, backed by cuts in funding to universities making universities increasingly dependent upon private funding provided by its students. Their ever increasing role within compulsory age education under New Labour is shown by private sector built, controlled and maintained City Academies by companies unaccustomed to the job, for example in the North East a car dealer.

Diversification of education is linked to the increasing role schools are asked to play in the workplace, providing an education that matches the needs of the countries (increasing vocational training in a 21st century multicultural society) while enabling parents increased time to allow work with breakfast clubs or after-school activities. Both parties shared endeavours to diversify education away from something simply compulsory or offered to the 21-24 age group with post compulsory education. Instead, education needs to be developed throughout life, allowing industries to match their needs through education and for society to retrain and re-skill to compete in ever changing job markets.

Section 2 ***The Conservative Legacy***

1944-1979 *The Social Democratic Era*

The post-war period is characterised by a swing to the “left” in political terms. The landslide victory of the Labour government in July 1945 heralded a period during which social democratic policies were pursued; nationalization of industries, creation of a welfare state, and redistribution of wealth.

The first revolution was the landmark *Butler Education Act (1944)* which required local authorities to organise education in three stages: primary, secondary and tertiary, classified as the tripartite system. At the 11+ exam, children were tested and sent to a grammar school, a technical school or a secondary modern with the Douglas (1968) survey demonstrating that as a consequence 77% of upper middle class pupils gained good O level passes compared to 27% for lower working class pupils. The second revolution in education is the famous *comprehensive system*, one type of secondary school for everyone. In 1965, the Labour government asked Local Authorities to organise education along comprehensive lines issuing *circular 10* inviting local authorities to introduce comprehensive education - that is, to abolish the tripartite system and the 11-plus producing one third by 1970. By 1974, the Labour government required all Local Authorities (LA) to adopt comprehensive education. The Education Act (1976) compelled LA's to draw up plans for comprehensive education with 1979 seeing 80% of students educated at comprehensive schools. The benefits of a comprehensive system were to be better examination results, equality of opportunity and choice.

However, studies by Heath (1990,2000), Heath et al (2000) and McPherson et al (1987, 1988, 1993) would suggest not as pupils drawn from the Salariat¹ maintained a 40% gap in likelihood of passing an O level relative to working class pupils. This combined to an increasing sense of conflict in society and coupled to Britain's poor economic performance, heralded a backlash in social policy, and the Conservative government under Thatcher increasingly implemented policies of the "New Right". Among their policies, they would create a third revolution in education, reversing the trend towards comprehensive education and instead introducing an Assisted Places Scheme paying for state pupils to be educated at independent schools thereby empowering the customers in the market of education.

1979-1997 *Conservative's deregulation into Quasi Markets*

Education like health was a major target for the Conservatives, starting with compulsory education during the first government moving onto post compulsory education during the late 1980's and, spectacularly under Major, in the mid 1990's. This was to have a fundamental impact upon the opportunities and alternative approaches open to New Labour in 1997.

Compulsory Education

Within months of taking office DfE (1979) repealed the obligation on LEAs to make plans for comprehensivisation of secondary schools, while the 1980 Act set the

¹ The "Salariat" is a term for the upper sections of the professional service class – the highest status group of top professionals – key lawyers, accountants and others that serve the interests of the bourgeoisie.

foundations for Conservative legislation on education in the years to come. Assisted places allowed 'bright' pupils from the maintained education sector to transfer to private schools with their all or part of their fees paid by government. Essentially this Act and later ones was predicated on the idea of shifting the balance of power in the education system towards parents and individual schools and away from LEAs and shifting the nature of the system away from a 'command' (planned, directed) towards a 'market' one. The Conservative reforms were based on both neo-liberal and neo-conservative principles arguably introducing irreversible policies and structures. The key to improving standards in schools was through the creation of quasi-markets which would be, at one and the same time, more 'democratic' and lead to improved quality (Whitty et al., 1993).

Trowler (1998) argues that the Education Act (1988) was the most influential Education Act concerning schools since 1944, although I would suggest it was the third revolution after comprehensive. It further extended the concept of 'parental choice' of schools and by reducing the powers of the LEAs to restrict where children go (they could now go to any maintained school that had room for them provided it catered for their age and aptitude.) Now, however, the idea of extending the options available to parents was given greater force by the plans to permit grant maintained (GM 1,000 by 1995) schools which were more or less self-governing (i.e. free of LEA control) and the city technology colleges, which were designed to have more of an emphasis on technology, languages, business and commerce than other types of schools.

Even maintained schools which did not want or achieve GM status would now have greater powers to control their own affairs under this act a position usually referred to as LMS: local management of schools with more power to control their own financial affairs and to hire and fire staff. Conversely the role and powers of the LEAs, already weakened by earlier legislation, were further reduced. With much of local government, (therefore LEAs), in Labour hands during the 1980s the policy directives were somewhat predictable.

Post-Compulsory Education

Conservatives also turned their attention to Higher Education (HE) attacking the funding system while increasing their accountability. The Jarrett Report (1985) was charged with reviewing and making recommendations about university management, it recommended a raft of measures designed to make universities more effective and efficient through clearer management structures and styles. DfES (1985,85,87) also changed Higher Education in introducing a managerialist thrust by removing tenure for staff laying the foundations for the DfES (1991a 91b, 91c, **92**, 93, 94).

DfES (1992) was the most important single Act to affect further and higher education under the Conservatives when it abolished the binary divide between polytechnics and universities, signalling a reduction in funding for the latter as the playing field was levelled downwards. The incorporation of further education colleges would herald a period during which many of them would suffer great financial hardships and a fundamental restructuring of their staffing as many staff were encouraged to leave to be

replaced by part-time or short-term contract staff. Adult education was forced to 'vocationalise' its provision in order to receive continued funding after this Act. Many adult students objected to this and to the fact that awards (and examinations and other forms of assessment) now become attached to what were simply courses enjoyed for their own sake.

DfE (1996) proved to be effectively the forerunner of New Labour policies towards privatising student loans after criticism of the Student Loans Company, its handling (and recovery) of the loans. New Labour inherited the Dearing Report (1997), which confirmed the role of tuition fees while compounding the belief that HE has become increasingly seen as a 'positional' rather than a 'public' good, one which primarily benefits the individual rather than society as a whole and therefore should be paid for by the individual.

Section 3

New Labour's approach to Education

Bipartisan or Polarised?

Brief overview of New Labour 1997-2007 Education Policies

There can be no doubt that New Labour placed education at the centre piece of its public policy with Blair (1996r) uttering one of the most famous political phrases of the late 20th century 'education, education, education' at the 1996 Labour Party Conference when setting up his three goals for government.

In his introduction to the 1997 manifesto, Tony Blair went on to argue that "In each area of policy a new and distinctive approach has been mapped out, one that differs both from the solutions of the old left and those of the Conservative right" (Labour Party 1997). Reform of the welfare state featured heavily in the Labour manifesto of 1997 ('We will be the party of welfare reform'), in the Queen's Speeches opening the sessions of Parliament of May 1997 and 1998, and in speeches at the 1997 and 1998 Labour Party Conferences. As Deem and Brehony (2003) observed, by the time New Labour took power in 1997, the policy landscape in education had been radically changed by the years of neo-liberal experimentation, coupled with authoritarian populism, principally introduced by the Thatcherite Conservative governments. Arguably New Labour had neither the way of turning back the clock but, more critically, nor a desire to do so. Chitty and Dunford (1999:150) for example argue "It is possible to argue that New Labour has accepted much of the Conservative Government's education agenda...on a broad front, the Conservative education programme has remained remarkably intact".

Compulsory Education

The Labour Government took office in 1997 with education having been one of the main themes of its election campaign. Between 1997 and the general election of 2005 there were eight Acts of Parliament on education issues and numerous other initiatives and policy developments. The first of those Acts, the School Standards and Framework Act (1998), was directed at schools, and over the past eight years the drive to raise standards of achievement by children at school has probably been the principal educational aim of the Government.

In the primary sector, the Government introduced the Literacy and Numeracy strategies, now absorbed into the Primary National Strategy, which also gives support to modern foreign languages, PE and music. In the secondary sector, it introduced the Key Stage 3 Strategy, designed to support learning for 11–14 year olds in all subjects, now developed into the Secondary National Strategy. It also developed the Specialist Schools programme as a general school improvement initiative and adapted the CTC model to form Academies, designed to replace poor and failing schools in areas of low attainment in an attempt to bring a fresh approach to the quest to improve educational achievement. Across the schools sector as a whole, initiatives such as Education Action Zones and Excellence in Cities were designed to raise the aspirations and achievements of pupils in disadvantaged areas, not just in individual schools, by providing extra funding and encouraging collaborative working.

Post Compulsory Education

Jary (2005:640) identifies the link between New Labour's Third Way approach to politics and its policies to higher education under six themes. First, higher education expansion: increased student numbers and improved research funding aimed at improving economic competitiveness and expanding the personal and social benefits from higher education. Second, widening participation aimed at achieving improvements in social justice 'as well as human capital'. Third, increasing 'student contribution' to the funding of higher education seen as necessary to expand mass provision while allowing increased support for financially poorer students. Fourth, greater accountability and improved management of higher education and support for enhanced professionalism to provide value for money. Fifth, improved responsiveness of higher education (including targets and 'resource competition' and emphasis on partnership and knowledge transfer) to again provide the value for money that top up fees brought to students. Finally, the encouragement of increased private funding to cover the shortfall in funding while also increasing graduation to employment through courses that met the requirements of business. In particular the 'sponsorship' of candidates through post graduate graduation in sciences and engineering by Corus and BP for example where the fees would be met on condition of undertaking a job upon graduation.

New Labour's most controversial early policy came in the DfEE (1998) which accepted the Conservative initiated report (updated by DfEE 2003 and DfEE 2004) that apparently, and paradoxically, abolished the previous provision for student support and maintenance, introducing a student contribution towards tuition costs. Loans to be repaid upon entry

into full time employment was justified by New Labour by Jary (2006), in explicitly Third Way terms, as essential to enable the expansion of higher education expansion to continue while allowing the funding for provision of student support to be concentrated on those with greatest need. Special provision for such students was planned to include non-repayable bursaries and access funding distributed by institutions. With the cost of higher education about to spiral out of control with the government's pledge to increase numbers by 500,000 the only logical solution was to allow top up fees thereby allowing central government to preserve low investment. In particular if at 2009 rates £12,000 approx per undergraduate degree equates to just ONE term at Eton, Harrow and other private sector schools or one year at private schools in the North East, does it not represent outstanding value for money verses graduate prospects?

Marketization

As in health the Conservatives legacy was a system based around the introduction of a quasi market approach to education. Reforms made to a quasi-market approach occurred strongly during New Labour's first term as they made 'education, education education' their buzz saying. Significant legislative and policy changes took place in education under previous Conservative governments under a Marketization philosophy. Poole and Mooney (2006) suggest from a somewhat critical Labour position that PFI are not solely the domain of New Labour.

The Private Finance Initiative (PFI), launched in November 1992 by the Conservatives, was based on the premise that public sector capital projects were increasingly inefficient and costly and the *assumption* that the private sector offered a superior alternative. This is supported by its inherent efficiency and superior managerial skills (and borrowed capital), could be brought in to build and/or refurbish schools, hospitals and other 'public' buildings, maintain and operate them (albeit excluding core business in the first instance) and lease them to the local authority over a period of up to 30 years through a binding contract. Central was the assumption that private interests, driven by the profit motive, could be steered by public service agendas and be made to be socially responsible. Whilst PFI was not the brainchild of New Labour, it has nevertheless been embraced, developed and marketed since 1997 by New Labour, emphasising the bipartisan approach to welfare. Clearly this topic will be developed further in the 'privatization' section with an emphasis on demonstrating the interconnection between marketization and privatization, one created the other while the other drives its principles.

However, legislation enacted even back in 1980 demonstrated the path the Conservatives were going to pursue granting much greater priority to parental choice than previously. The DfE (1988) introduced further reforms. These two pieces of legislation created a market-oriented system in education by encouraging competition between schools, by introducing new types of schools, delegating budgets to schools (determined largely on the basis of the number of pupils enrolled), and – at least in theory – increasing the power of parents in relation to choice of schools.

The New Labour Government can be seen as having embraced the quasi-market with an enthusiasm similar to that of its Conservative predecessors. It has tended to emphasise social inclusion as opposed to competition. While it has attempted to soften the edges of the quasi-market it has not tackled some of its major deficiencies such as the power schools that are their own admission authorities have to distort the admissions process. The main structures of the quasi-market are still in place – parental choice, open enrolment, funding following pupils, school diversity and publication of league tables presenting a useful measure for this thesis bipartisan argument.

Within school admissions, the research of Cauldwell and Reid (1996) concludes that, under the Conservatives, admissions under a market system were creating an inverse availability based on stealth and the perceived ability of a school to produce exam results. The Labour Party in its 1997 election manifesto committed itself to an open and fair system of admissions to schools and following on from this the School Standards and

Framework Act (1998), set a new legal framework for admissions with a Code of Practice on School Admissions. These can be seen as an attempt to alleviate problems created by the development of a largely unregulated education quasi-market.

The Act also provides a new mechanism – the adjudicator – for resolving local disputes in relation to, amongst other issues, school admissions. It reduces the scope for partial selection by ruling out the introduction of new selection on grounds of ability other than by ‘fair banding’ (on the basis of pupils’ attainment/ability) and allows a new priority on the basis of aptitude in limited circumstances. It also enables objections to partially selective admissions to be made to adjudicators by admission authorities with the right of appeal not evident under the old Conservative model. Recent research suggests that these legislative and policy changes have had some positive impact in terms of making the Conservative quasi-market reforms somewhat more equitable (West and Ingram 2001). That is born out in Jacqui Smith’s (2005:153W) written answer to the Commons on New Labour’s record on meeting parents admissions requests:

“We have already taken steps to maximise parental satisfaction with the admissions process. Co-ordination of the secondary school admissions process has resulted in most multiple offers of school places being eliminated, resulting in a greater number of children being made an offer of a school place than would have received them at the same stage in the process in earlier years. Additionally, we have included a number of proposals in the draft School Admissions Code of Practice to make the system more transparent and fairer for parents. The intention is to put parents at the centre of the

admissions process and to give them a greater choice as to where their children go to school, which can only be a good thing”.

Jacqui Smith (2005:153W)

Within diversifying education, the previous Conservative administration saw around 20% of secondary schools opt out of local education authority control, becoming ‘grant-maintained’ and receiving funding direct from the Government. So confident was John Patten, the then Secretary of State, that schools would flock to opt out and leave the LEAs to wither away that, in June 1994, he made the unwise boast that “I will eat my academic hat garnished if by the time of the general election we haven’t got more than half England’s secondary schools grant-maintained”. This was never honoured even though the Guardian had a nice mortarboard-shaped cake baked for him by Jane Asher (Walford 2000). There were considerable financial incentives (revenue and capital) associated with becoming grant-maintained. However, New Labour changed this through the School Standards and Framework Act (1998) which abolished grant-maintained status and from September 1999 schools were designated as one of three new types of school – community (formerly county), voluntary (aided or controlled) and foundation schools. Grant-maintained schools have mostly become foundation schools although some have reverted to voluntary-aided status.

Both New Labour and Conservatives share attempts to challenge the failures in education and while the names may have changed with age the underlying belief in challenging the failures of the inner city areas remains. The previous Conservative Government

encouraged existing schools to specialise in particular curriculum areas such as music, art, drama and sport (DfE 1992). New Labour is using City academies specifically designed to 'break the chronic cycle of educational underachievement' in inner cities (DfEE 2000d). As with both specialist schools and ctc's, city academies will have a specialist focus in at least one area of the curriculum and, as with specialist schools, the aim is for them to share expertise and resources with other schools in the area. They will not be academically selective, although, as with specialist schools, they will be able to select up to 10% of their intake on the basis of pupils' aptitude in the school's specialism (DfEE 2000g) and the city academies prospectus states that: "We also expect City Academies to play their part in supporting challenging pupils".

The funding regime under the Labour Government is broadly similar in terms of the funding formula used to distribute funds from LEAs to schools created by the 1988 Education Act, the watershed policy for education under the Conservatives. However, additional funds are now being targeted on the more deprived LEAs and certain incentive structures have been modified to try and ensure more pupil inclusion. It is noteworthy that under one of its initiatives, the DfEE has introduced a system to encourage the retention of pupils in mainstream school. However, rather than being an incentive-based system this is a mixture of an incentive and disincentive system with schools being allocated resources but then having money withdrawn if pupils are excluded. Under the Pupil Retention Grant (DfEE 1999c), LEAs are required to develop a formula, agreed with schools and with the DfEE, for distributing this grant between schools. Formula factors suggested by the DfEE are 'pupil turnover, numbers of looked after children or in

contact with Social Services, numbers of ethnic minority pupils, or incidence of youth crime' (DfEE 1999c). LEAs are required to reduce a school's allocation during the year for each permanently excluded pupil or pupil with unauthorised absences above an agreed pupil-based trigger.

While the style of funding perhaps has differences between the two parties, the overall belief in good money for good welfare remains the underlying approach not an approach of throwing money into bad welfare. The Labour Government has not made significant changes to the publication of examination results, and like the Conservative Government before, it has linked the publication of school performance tables (or 'league tables') directly with parental choice. Some attempts have been made to improve the school examination performance tables. In 1997, a new measure, 'average GCSE performance score', was introduced for the first time. This is a more meaningful indicator of school performance, since it focuses on the achievements of all pupils, than the concentration on five higher grades but the latter remains the focus of analysis in the press and elsewhere.

The most controversial aspect of marketization has been in its creation of opportunities for private sector involvement in education under New Labour with the proposal that private companies might directly run state schools as we enter 2007. This is already the case with several hundred schools in the US. It has now begun in the UK as early as 1998, when Surrey LEA invited companies to bid to run a 'failing' comprehensive school, King's Manor in Guildford, won by a private company 3 E's Enterprises Ltd, and set up as the commercial arm of Kingshurst City Technology College near Birmingham.

The recent government policy initiative facilitating the privatisation of state schools are City Academies designed to replace existing 'failing' schools. They are directly funded by the government, by-passing LEAs, and given the status of 'independent' - i.e. private - schools, so they will lie outside the legislative framework which governs other state-maintained schools. This includes complete freedom to devise the curriculum. The government wants them to be run by businesses, churches or voluntary bodies. Sponsors must pay 20% of the capital costs, but ownership of the land and buildings of the existing state school, currently the property of the local council, will be transferred to them.

To summarize, markets are increasingly dominant in education under New Labour via two interrelated ways although they are simply taking their influence to its logical conclusion. Firstly, through the establishment of quasi-corporate systems in public services, including managerialism, performance related pay, 'best value' frameworks, subcontracting, sponsorship, 'rescue' packages and so on, and through PFI/PPP initiatives both in England and Scotland.

Secondly, New Labour's approach to the 'management' of the education system has been underpinned by 'something for something' funding. A significant proportion of new government money for schools is tied to specific projects and agreed outcomes rather than, as in the past, distributed to be used at the discretion of local authorities and schools. They now have to bid and, if successful, receive money from the Standards Fund, the New Opportunities Fund (from the Lottery) and other particular pots, like

Excellence in Cities. They can also make a case to become Education Action Zones, Beacon Schools and Specialist Schools. Nowadays, schools and local authorities have to spend a lot of time, and become very skilled, at bidding if they are to do their best for their children.

Privatization

Both the Conservatives and New Labour have favoured, where available, partnerships with private companies to offset the cost and fundamental risk in policies. This is made possible through the introduction of market principles and tendering opportunities with welfare firstly under the Conservatives and extended by New Labour.

The expanding opportunities under New Labour for the private sector created by the introduction of quasi markets and its principles has taken a number of forms derived directly upon the inherited Conservative legacy of City Technology Colleges, which accepts the benefits of business in education. The largest single sponsor of the Academies programme outlined in the below table is the United Learning Trust, a subsidiary of the Church Schools Company, which has pledged funding for Academies in Lambeth, Manchester and Northampton. It has announced plans to sponsor ten Academies. The Vardy Foundation, run by Sir Peter Vardy, sponsors Kings Academy in Middlesbrough. Sir Peter Vardy has stated that he would like to sponsor another five Academies in partnership with Durham University outlined in Smith M.J (2008:1-4) formal evaluation of bids to run future city academies in the North East. Bexley Business Academy is operated by the 3Es company, an offshoot of the Kingshurst CTC which is responsible for the management of two LEA schools in Surrey under contract. The 3Es company is also providing advice to the North Liverpool City Academy.

Table 13 Sponsorship contribution for each of the 17 open Academies

Academy	Sponsorship contribution (£ million)	Sponsorship as a proportion of capital costs (%)
Capital City Academy	3	12.8
City of London (Southwark) Academy	2.1	7.2
Djanogly City Academy Nottingham	0	0.0
Greig City Academy	2	15.4
Lambeth Academy	2	8.2
London Academy	1.5	5.2
Manchester Academy	2	10.1
Mossbourne Community Academy	2	7.1
Northampton Academy	2	7.4
Stockley Academy	2	9.5
The Academy at Peckham	2	9.1
The Business Academy Bexley	2.41	7.7
The City Academy, Bristol	2	7.2
The King's Academy	2	9.4
The Walsall City Academy	2.5	13.9
The West London Academy	2	5.4
Unity City Academy	2	9.7

Source: Smith (2005:1047W)

Blair (2007:781) acknowledged in his Commons speech that the City Academy programme is a major part of an education revolution.

“I would be delighted...in congratulating both the schools and sponsors who have put so much hard work into the city academy programme. In light of some of the publicity about the new school building programme, building schools for the future, let me say that, since 1997, 800 new schools have been built around the country. Those new or completely refurbished schools have made an enormous difference to what is happening in our country. In addition, more than 1,600 new science labs, better classrooms for more than 4,000 schools, hundreds of new sports halls and thousands of new computers and electronic whiteboards have been provided. As the results show, a revolution is going on

in our schools at the moment, of which the city academy programme is an important part, and it is delivering quality education to some of the poorest kids in our country”.

Blair (2007:781)

The terms PFI and PPP are commonly used interchangeably to refer to any aspect of private involvement in provision of public sector buildings or services. Strictly speaking, PPPs are any projects where the public and private sectors are working together in a partnership. The most common type of project in the education sector is the Design, Build, Finance and Operation (DBFO) of new premises by the private contractor. This is the type of project most commonly referred to as PFI.

Poole and Mooney (2006) suggest that under New Labour, PFI's are seen to have additional attractions as it enables public sector investment without affecting public borrowing. Moreover, private capital can be and has been presented as 'new' investment though this is, of course, a nonsense insofar as the same pool of resources are drawn upon and the same individuals pay for it, albeit over a 30-year period. The issue, then, is one of substitute rather than new or additional resources (Whitfield 1999, 2000, 2001 and Monbiot 2000), a strategy that fits in with New Labour's promises to modernize and invest in public services whilst maintaining a low-tax economy.

Secondly, it allows political gains today to be paid for tomorrow through what has been termed by Heald and Geaghan (1997:15) as 'intergenerational burden shifting', whilst private finance delivers at a cost greater than traditional procurement routes, at least the

consequences of this can be deferred, outlined in the TPFT (2000 para 2.12): “Private finance may, therefore, represent an additional cost, but it is not such a significant cost that value for money is inherently likely to be imperilled, provided the private sector is able to deliver savings in other aspects of the project”. Finally, it provides a welcome boost to the private construction companies partnered in the consortia and offers new opportunities for finance capital, allowing New Labour to claim a business friendly orientation (Pollock et al., 2001; Pollock 2004; Whitfield 1999).

These benefits seem to be born out in David Miliband’s (2003:209W) written answer to the Commons on PFI benefits which he names as risk sharing, cost saving, cost effective, higher standard of facilities all helping to raise education standards and attainment.

“The Private Finance Initiative (PFI) has significant merits. For example, it allows for risk sharing with the private sector. The public sector does not pay anything until construction work on the school building is complete and the school is receiving the contracted service. New schools are generally completed on time and are then maintained to a high standard over the whole life of the contract. This prevents the deterioration of the schools estate, which has been so common in the past. Also, teaching professionals can focus on teaching without the distractions of facilities management and poor accommodation....Using the PFI to fund the building of schools has so far meant that an extra £1.3 billion has been invested to provide better conditions for pupils and teachers in over 500 schools. Transforming school accommodation is helping us to raise educational

standards. As far as individual PFI projects are concerned, each one is assessed at the outset to ensure it will provide best value over the whole life of the contract”.

David Miliband (2003:209W)

The belief that privatization has for New Labour a more dominant role to play is extended by private sector-led ‘rescue’ packages has clearly emerged in England under New Labour, where schools are deemed, through government audit, to be ‘failing’, for example, in Islington, Hackney and Leeds. They are deemed to represent a market opportunity estimated to be worth £800 million (Labour 2000:15). In this example of creeping privatization the private sector’s role extends beyond the so-called ‘support services’ to include core education functions too, for example the tasks of appointing teachers and ‘raising standards’.

Business partners effectively earn a performance-related management fee, subject to financial penalties relating to the ‘performance outputs’ specified by government, to offer schools a ‘Fresh Start’. Hatcher (2001:53) believes such a development demonstrates the intention to gradually displace LEAs in England. Poole and Mooney (2006) suggest this continues with the precursor to private-led solutions or ‘rescue packages’ while there has already been an increased use of private learning companies and charities to educate ‘disruptive pupils’ in line with the councils’ statutory duties at a cost of £10,000–12,000 per head per year, compared with £2500 per head per year for state schooling.

In addition, a *Schools of Ambition* programme in Scotland, similar to inner city academies introduced in deprived areas of England, identify at least one 'specialism' or area of 'excellence' and demonstrating a plan for improving standards. In return for an extra £100,000 a year with a potential for further support from private sector sponsors or 'philanthropists' (who it is claimed will not be allowed to influence the curriculum). The central aim is to 'fast-track' reform in those schools that are struggling to achieve national standards. This marks the development of a direct role for the private sector in the Scottish comprehensive system for the first time.

Jary (2005) finds PPP to have four main roles within schooling, first, in creation and provision of schools and facilities to break the inverse services availability where high social class areas have and low social class areas do not. Second, in selling education management services, thirdly, a key role in the commodifying teaching and learning and fourth probably most controversial, running schools (or City Academies).

A test-bed for Labour's public-private vision is Education Action Zones, a Labour initiative to raise education standards in schools in socially disadvantaged areas. There are now 67. One of the features of the EAZs is that they are required to have business 'partners'. The EAZ policy assigns several roles to business. First, it is expected to provide money and resources. Zones receive an extra £750,000 a year from government. They are expected to find an additional £250,000 a year from their business 'partners' (often in kind, for example, supplying computers, or management training, or mentoring for pupils). The reasons behind this are several: it reduces state spending on education; it

encourages schools to be entrepreneurial in seeking funding for themselves; and it brings schools and business closer together, with the aim of increasing the influence of business agendas. The second role is to take part in managing the Zone. Zones are run by a new form of local governance, Action Forums, separate from and not accountable to LEAs, which bring together a variety of participants, including the business 'partners'. Third to influence the content of education as the partnership with business is intended to make schools more responsive to business agendas. Schools are encouraged to adopt a work-related curriculum and to develop employability skills which will be attractive to employers.

New Labour's use of PFIs has brought major funding for their new schools as the private sector finances the construction or renovation of school buildings, the provision of equipment and the operation of facilities, and is repaid by the state over a period of time (25-35 years) for their use. Each PFI project is structured around a specially created company typically combining the construction company, financial institutions and a facilities management company. The largest PFI school project in Britain is the refurbishment of all 29 secondary schools in Glasgow at a cost of £220 million.

Even so, it was the last Conservative government which led the way by privatising school inspections which were carried out by teams who bid for contracts from Ofsted (the Office for Standards in Education). Some are LEA advisers, but the majority of these teams are private companies, some of which carry out hundreds of inspections a year for profit. The most recent new business opportunity at national level concerns performance-

related pay (PRP) for teachers, which the government is now introducing a contract awarded to Hay McBer, an international management consultancy company. They were paid £4 million to identify the competencies by which teachers could be assessed. Then another private company, Cambridge Education Associates, was awarded a five-year contract, worth up to £100 million, to employ 3000 or so assessors to oversee heads' assessments of staff, and to assess the heads' own performance.

The Government has no difficulty about the ability of companies to profit from the School Companies regulations. As Lord McIntosh, the Government's spokesperson in the House of Lords during the passage of the Education Bill wrote to Baroness Blatch on 24 June 2002 (quoted in Carpenter 2002:5) "We do not propose that profit must be spent solely in the interests of education. To do so would act as a disincentive for private sector companies to join school companies, thus potentially depriving them of valuable partners who may provide support and expertise to improve the quality of services offered to schools".

In April 2004 the then Minister for Schools, David Miliband, stated that every FTSE company should become a sponsor for a state secondary school. In a challenge to top businesses, David Miliband (quoted in Carpenter 2004) also told the Financial Times that it was a "realistic and appropriate aim" to see all the most prominent listed companies backing a school with cash and expert financial and management advice. The Government needs to persuade more companies to provide the £50,000 needed for a

secondary school to gain specialist status if it is to bring all secondaries into the programme.

New Labour has also continued with business support in post compulsory education, where businesses help to off set the costs of the teaching and extra curriculum activities (in particular sports). In the advent of league tables, academic institutions have to compete for students and extra curriculum activities plays a major role in attracting students, which are off set against support/and or sponsorship from private businesses. In sports for example, advertising packages are made available to companies in particular at university level where the costs are underwritten, in exchange for access to members who they hope to attract to their businesses. Students are then able to play top class sports, promoting both their institution and themselves with the added incentive they may graduate into a well paid job with a leading company who look for 'all round candidates'. Many companies simply 'buy out' student tuition fees, in particular in specialist subjects such as Engineering, to encourage talented graduates to sign up.

With the increasing average debt of £20,000 from undertaking post compulsory education in particular higher education according to Garner (2008) research against increasing inability to achieve employment upon graduation, this is a logical system for all parties involved. Poole and Moody (2006) notes this practice was developed formally in May 2002 when the Royal Bank of Scotland (RBS) entered into partnership to provide the Schools Vocational Training Programme. RBS suggests that this will enable pupils to access work opportunities in the employment sector as early as second year (age 13–14)

and thus replace a non-core standard grade subject with a 2-year vocational training programme (in Construction, Hospitality, Horticulture, Administration, Care, Health and Fitness or Sport and Recreation) that will be accredited. The aim of the initiative is to ensure that 'young people are properly equipped for the world of work' although there is a strong argument to the benefits of this model of education.

Announcements made during February 2007 extended the private sector involvements even further when The Open University teamed up with the supermarket giant in Tesco to offer money off its undergraduate tuition fees in exchange for loyalty card vouchers. For every £10 worth of Clubcard vouchers, students will receive £40 towards the cost of their course. Professor Gourley (BBC 2007b), the OU Vice Chancellor added "The partnership allows the university to extend our reach to new students... we aim to make access to the university's programmes as flexible as possible...This extends to giving our students a number of options to meet course fees - and this new deal is now one of those options".

Monbiot (2000, 2001) provides further examples of school sponsorship and the provision of educational materials from the private sector that are already operating across Britain. These supplement and arguably replace the requirements upon the government to provide, replace and maintain expensive services freeing up additional revenue for other areas. Arguably the well known is Tesco's 'computers for schools' initiative – the longest running and most generous corporate funding project to date at over £62.5 million. Since 1992, the company has provided more than 45,000 computers bearing the

Tesco logo, providing advertising opportunities through screensavers, and home pages. Hewlett-Packard controls the computer software and there is little input from either teachers or the Education Department.

Outside of the classroom, private sponsorship continues in a number of forms from the Fruit for Schools Initiative, introduced in July 2002, sponsored by Sainsbury's, to the provision of drinks and snacks vending machines and Fuel Zones from which schools get a share of the profits made by private firms and sponsors. More recently, in 2005, an Active Kids initiative was launched, again sponsored by Sainsbury's, seeking to encourage healthier lifestyles amongst children. In part through education about healthy eating but also by facilitating increased exercise and sporting activity through the provision of sports equipment. This approach balances with both parties seeking to improve health of the nation through 'preventative care' without the need for actual NHS or medical care.

Whilst some of these initiatives seek to contribute to improving the health of children and young people, others, for example placing branded vending machines in schools, illustrate a tension that has emerged between offering opportunities for businesses to profit through the advertising. The consumption of such products by pupils on the one hand, and the governments call (plus famous campaigners such as Jamie Oliver) for an emphasis to be placed on healthy eating and tackling obesity on the other, shows that New Labour is failing to find a balance. Similar tensions can be seen to arise from the decreased access pupils and communities are having to playing fields and sporting

facilities because of the PPP programme in schools, which exists alongside claims that an enabling government is working to facilitate increased public health. Cohen (2001), perhaps controversially, concludes that the New Labour era has created 'children as a captive market' as 85 per cent of British schools had allowed promotion in their classrooms.

New Labour by building on the foundations laid by the Conservatives of an acceptance of 'business and education mixing' have brought a clear elevation of the role of the private sector in education provision. In the words of Hatcher (2000:1) what has emerged is "a business agenda for schools and an agenda for business in schools": the modernization of public services is now one and the same as the promotion of a business agenda in clear and important ways".

However, Blair (2006:874) used his PM questions to attack those who questioned the ethics and benefits of sponsors within education emphasizing, the key role that they have played in turning around 'failing schools'. "If my hon. Friend went and looked at the city academies, he would see that many schools that used to be hugely under-subscribed are now over-subscribed. He would see the children receiving a first-class education and the possibility and potential that they have as a result, so I hope that perhaps he would take a different view of city academies and their sponsors".

In summary, it has been demonstrated that a key element of New Labour's education agenda south *and* north of the border centres around a strong commitment to PPPs and private business-led initiatives in education, creating a bipartisan approach.

Jary (2005) found PPP to have four main roles within schooling under New Labour first, in creation and provision of schools and facilities, selling education management services, a key role in the commodifying teaching and learning and lastly, arguably the most controversial, running schools or City Academies. This is in addition to other parts of the public sector, forms of privatization that offer to open up new corporate welfare opportunities and markets to business, with the potential for it to expand its sphere of influence over time into the core business of schools. This helped New Labour build upon their inheritance from the Conservatives, where the notion of 'private is better' had been established. Indeed, New Labour's direction was the logical solution to many of its inherited problems and so should not be seen as a surprising move as the Conservatives, in 2006, are not proposing significant changes to New Labour's education policy should they win power.

The overwhelming New Labour policy decision to use PFI/PPP to build and maintain schools have met with much opposition. The NUT (National Union of Teachers) opposes the dominance most strongly and their conference in 2003 (cited in NUT 2007:9) noted "the decision of the TUC Congress to call for a moratorium on further PFI/PPP projects until a detailed independent inquiry into them has taken place". It went on to resolve that the NUT "rejects and will campaign against: the use of PFI/PPP to fund and implement

school capital programmes and the often subsequent contracting out of the school services”.

Without the Conservatives, Blair’s farewell education reforms would fail due to rebels within his own party, commentators even suggest they are the real opposition over education. Even in Scotland, where devolution was expected to produce a ‘Scottish model’ for education, only over tuition fees for home students (due to forced coalition with Liberal Democrats, ardent critics of university fees) has the assembly challenged New Labour. The evidence suggests Scotland is more than happy to sing the Blairite tune where the elevation of business agendas is concerned.

Diversification

While the Conservatives and New Labour share the outlook of developing and diversifying education to meet social needs, their actual results and actions have variations. A clear distinctive feature of the New Labour approach to education reform has been to diversify education away from simply schooling to a twin goal of inclusion alongside competitiveness, which had been mainly an organising principle of the Tories.

The DfEE (1998) revised its mission statement or 'aims', to incorporate this new emphasis declaring its aim was to give everyone the chance, through education, training and work, to realize their full potential, and thus build an inclusive and fair society and a competitive economy. This then splits into three objectives, one to do with education to sixteen, the second, lifelong learning, and the third, work. Significantly, there is no mention of higher education.

In a speech during June 1999, David Blunkett (1999:1) outlined why New Labour saw the diversification of undertaking education simply done during the period of compulsory education and instead making it a life long process of re-skill and training. "Competitive pressures are intensifying. Ours is an increasingly complex and technologically driven world. As a country we need the effort and skill of all our people to compete and succeed. The sheer pace of change is adding pressures. In today's job market, people have to constantly adapt-train and retrain-to stay ahead. Those who lack the skills to do so-those who, through the lack of a basic education, are not even on the first run of the training ladder-will become increasingly vulnerable".

The quote for Beach (2003), supported by Ravenscroft and Gilchrist (2005) encapsulates the main features of a post-Fordist perspective on education. These are, the belief in the importance of education in the global economy; the belief that education and training are vital to economic success; the claim that workers need to be flexible and to seek frequent retraining, if necessary; and the need for the unqualified to receive education to provide them with opportunities in society.

Later in his speech Blunkett (1999:3) emphasized the link between education and opportunities in employment stating “we know that failure at school is strongly linked to failure at work and life more generally” with its link to social exclusion. Blair (2006:4) in a letter to the incoming Education Secretary Alan Johnson echoed Blunkett (1999) in crystallising New Labour’s position that education is a driver to benefit the individual inclusion and development as well as to society as a whole. “The Every Child Matters agenda is crucial to our goal of reducing social exclusion...its successful implementation should provide important social and economic benefits not just for children and young people as they grow up, but for the whole country”.

The stress on inclusion is a famous mainstay of the New Labour government’s approach, this time re-balancing the educational agenda in favour of social justice. The unifying feature of much of what the previous Conservative administrations had attempted was that the concerns of parents should be harnessed to lever up standards. A quasi-market whereby money followed pupils was established. Schools were put in a position of

having to compete for pupils to fill their places to receive full funding. They therefore had to be very sensitive to parents' views. Part of the point of the publication of schools' test results and inspection reports was to enable parents to make informed judgements. Schools reacted pragmatically to this regime in trying to present the best possible face to the public. This could sometimes mean that under-performing and disruptive pupils were not especially welcome. School exclusions rose dramatically and persistent truanting was tacitly accepted.

As a counterbalance, Jeff and Smith (2001, 2008) note that New Labour established the Social Exclusion Unit, its task to develop "joined up solutions to joined up problems". Its report *Bridging the Gap* led to a new *ConneXions* (sic) initiative designed to keep more young people in education and training at least till age 19. As Tony Blair (SEUb 1999:6) put it, 'The best defence against social exclusion is having a job, and the best way to get a job is to have a good education, with the right training and experience'.

However, that is an easy task given that many young people, 50,000 a day on government figures, had made it plain by truanting that they did not want to be involved in formal education even to the official school leaving age of 16. But the government hoped that numerous measures including on-site attendance officers, Learning Mentors, Learning Support Units, off-site Pupil Referral Units and 'Truancy Buster' awards, not to mention police truancy sweeps, would be able to keep more young people in school (DfEE 2000). New Labour has, however, like the Conservatives before, been tough on truancy and pupil problems in schools but what of the solving the causes?

To make citizenship a formal part of the curriculum, as New Labour clearly favoured the changes announced in February 2007 demonstrate their determination to extend, expand and make citizenship exciting. This is supported by Lord Adonis's (2005:286) and (2007:WA132) Lords speeches:

“The Government give great significance to the role of citizenship education in preparing young people to become global citizens. Through the compulsory secondary curriculum for citizenship, pupils are taught about the world as a global community and the wider issues and challenges of global interdependence and responsibility. Sir Keith Ajegbo's recent Diversity and Citizenship Curriculum report highlighted the fact that global citizenship is an "increasing imperative". The Qualifications and Curriculum Authority has been undertaking a review of the secondary national curriculum, including citizenship education. The draft programmes of study will be subject to a public consultation from 5 February 2007 until 30 April 2007 and views on the issue of global citizenship can be expressed as part of this consultation”

However, Barber (1996:164), for example, argues that the only alternative to a national curriculum is the blind alley of ‘professional autonomy and control, over what is taught in schools. But this alternative is unsatisfactory because of *democratic* needs: What is taught in schools not only helps to define the country's culture and democracy: it is also a critical element in building its future. Why should teachers alone decide matters which are clearly relevant to every citizen?

It is no surprise, then, that very soon after New Labour was elected, it proposed extending the National Curriculum, in particular to strengthen education for citizenship and the teaching of democracy in schools' (QCA 1997). To this end, an Advisory Group on Citizenship was established whose proposals were accepted more or less in full and introduced into schools from September 2000, becoming compulsory by 2002. QCA (1998:7, *my emphasis*) opening lines stresses the importance placed upon the teaching of citizenship in helping to reduce many of the social deviances and social exclusion found within Britain. "We unanimously advise the Secretary of State that citizenship and the teaching of democracy...is so important both for schools and the life of the nation that there must be *a statutory requirement on schools* to ensure that it is part of the entitlement of all pupils. It can no longer sensibly be left as *uncoordinated local initiatives*, which vary greatly in number, content and method. This is an inadequate basis for animating the idea of a common citizenship with democratic values".

The QCA (1998:71) report outlines how currently the inherited schools programme makes it difficult for Citizenship to succeed, in particular through ICTs, due to poor resources, infrastructure and teaching. "Overall a strong case can be made for the use of ICTs as an integral part of education for citizenship. However, at present, there are few signs that schools and colleges are realising or have the resources to realise the full potential of this important link with the curriculum...Much of the potential is dependent on the competence and confidence of teachers using ICTs as a teaching and learning tool and a resource."

Much of New Labour's diversification and privatization of education policies could be seen as path dependent when it is considered against the backdrop of this critical report's findings, a society that believes 'private means better' matched by a private sector willing and able to fund such infrastructure improvements. Diversification of education has further been extended through the increasing emphasis placed upon schools and colleges to 'specialise' supported by private finances to make such possible.

This is emphasised in Jacqui Smith's (2006:2351W) Commons speech which demonstrated that New Labour was committed to over eighty percent of schools becoming classified as 'specialist'.

"The specialist schools programme, in particular, provides opportunities for schools to work in partnership with public, voluntary and private sector organisations and with other schools. We expect that over 80 per cent of all secondary schools will be specialist by September 2006, including a substantial proportion of foundation schools. More generally, the Government are committed to promoting partnership working through Education Improvement Partnerships (EIPs) or other forms of collaboration where this will deliver better outcomes for children. The EIP prospectus encourages partnerships to consider local needs and make alliances which will support the delivery of the outcomes identified. Partnerships should include all appropriate delivery partners, from the public, private or voluntary sector, dependent on the action which the partnership is undertaking"

The previous Conservative Government encouraged existing schools to specialise in particular curriculum areas such as music, art, drama and sport (DfES 1991, 92). The setting aside of a small number of places for pupils with a particular aptitude was taken up by a number of schools around the country with specialist places being offered in a variety of subjects such as modern foreign languages, music, arts, sport and drama. The Technology Colleges Programme, introduced in 1993, was an extension of the policy of encouraging specialisation and was designed to help secondary schools to specialise in technology, science and mathematics.

At first, only grant-maintained and voluntary-aided schools were eligible to apply, but in the following year all maintained schools became eligible. The programme was later extended to cover modern foreign languages, sports and arts. In 1997, New Labour re-launched the programme with a focus on the sharing of specialist expertise and facilities by specialist schools with other schools and with the local community. Schools wishing to specialise in this way were required to raise about £50,000 (Pre July 1999 £100,000) of sponsorship towards the cost of a capital project to improve their facilities for the specialist area(s). Once specialist status is conferred schools were eligible to receive additional capital and current grants from central government to complement business sponsorship. By 2000 there were 535 specialist schools or 15% of all eligible secondary schools. The number of specialist schools was to have risen to 1000 nationally by 2004 (over a quarter of all secondary schools). *Building on Success* (2001:47) states: “we now want to accelerate that target, so that there will be 1,000 by 2003...By 2006, we will seek to increase the number of specialist schools further, to 1,500”.

These specialisms were broadened to include engineering; science; and business and enterprise. Whilst specialist schools are under-represented in inner city areas (DfEE 1999b), in the future there is to be more of a focus on those serving city areas. City academies are specifically designed to ‘break the chronic cycle of educational underachievement’ in inner cities (DfEE 2000d). As with both specialist schools and city technology colleges, city academies will have a specialist focus in at least one area of the curriculum and as with specialist schools the aim is for them to share expertise and resources with other schools in the area. They will not be academically selective, although as with specialist schools they will be able to select up to 10% of their intake on the basis of pupils’ aptitude in the school’s specialism (DfEE 2000g) and the city academies prospectus explicitly states how New Labour expects City Academies must play their part in supporting challenging pupils.

Blair (2006:4) in his letter to the incoming Education Secretary Alan Johnson outlined his priorities in Education which demonstrate the interconnection of health care to education as well as the increasing importance placed on extended schools. “Extended schools, with the first 2,500 this autumn, should offer children enhanced opportunities for learning, sport and the arts as well as helping working parents....I have asked Caroline Flint to work with DCMS, DCLG and your department on developing a new and ambition strategy to maximise fitness”. New Labour’s further announcement in December 2006 of ‘e credits’-additional education for bright students is again another demonstration of this policy of trying to break the cycle of failure acknowledging the role education plays for society.

Lightfoot's (2006) article quotes Tim Emmett, the development director for Centre for British Teachers (CfBT), stating there would be an emphasis on identifying bright children from disadvantaged backgrounds failing to reach their potential, either for school or family reasons through in part a NAGTY scheme. But the scheme would also answer criticism from middle-class parents that state schools failed to nurture the most able. "The Government is seeing this as part of school improvement rather than a lifeboat for a few bright children. If you can raise the meter for 10 per cent of children in a school you can do it for the other 90 per cent as well".

New Labour has attempted to diversify education while raising standards and making schools work in 'partnerships' to meet the needs of most needy in society bringing an increasing emphasis on co-operation between schools. West et al (2000a) found that 80% of specialist schools reported outreach work with primary schools but only 58% reported outreach with secondary schools. One reason for this is the competitive market in which secondary schools now operate; as Yeomans et al (2000:44) notes "Local competitive pressure did however, hamper links with neighbouring secondary schools. One [Technology College] director admitted candidly that they would not invite competitor schools to use their facilities".

Although there have been shifts in terms of the focus of the specialist schools programme, with a requirement for such schools to co-operate with others, the programme is clearly a continuation of previous Conservative market-oriented policy

with an emphasis on rewarding schools that can already be construed as being 'successful'. However, some changes have been made that may enable schools in a less privileged position to benefit from specialist schools status - less money now has to be raised from sponsors and there has been a shift towards more specialist schools being located in deprived inner city areas. If the evidence continues to show advantages of specialist over non-specialist schools, the argument that all schools should benefit from additional targeted resources will become stronger.

The diversification of schools has further been increased under New Labour via the inclusion of 11 independent religious schools (two are Muslim schools, two Sikh, one Greek Orthodox, one Seventh Day Adventist and five Jewish) into the state-maintained sector. All schools coming into the state sector have to comply with the statutory provisions governing maintained schools, including delivery of the national curriculum (DfEE 2000b). Under the previous Conservative administration, all of the new 'sponsored' (religious grant-maintained) schools that entered the state sector were either Roman Catholic or Jewish and 'thus showed no decisive break with the past' (Walford 2000:92). Another even more significant change in policy may have been heralded by a school for disaffected pupils in Birmingham, which became state-maintained in August 1997. This, in effect, had been an 'alternative' voluntary provider of education for around 40 young people. As Walford (2000:108) suggests, "enabling schools such as this to be set up would be much closer to the way in which many Charter Schools have been established in the USA. It would mark a significant break with the past".

Johnson (2006b) emphasised that this schools diversification programme still had to match the government's goal of social inclusion through education. "There must be a balance between preserving the special quality of faith schools and building greater community cohesion and understanding between different cultures". Further that the faith schools could play a specific role in educating society in accepting 21st century diverse culture in Britain while helping to meet education attainment targets. "All the main faiths have already shown their commitment to the principle that children in faith and community schools should be taught about all the major faiths and develop deeper understanding. By opening up a proportion of places to children of different faiths where local communities wish this, we will help to create a system where all faith schools play a full part in the education of local children" (Johnson 2006b).

Announcements made in February 2007 continued the diversification of the curriculum to match the 21st century British society. Among the proposed changes for the 12 subject areas is an encouragement for a more diverse range of languages, particularly economically important languages such as Mandarin and Arabic. This the Education Secretary Alan Johnson (quoted in BBC 2007) stated was because "We need to raise our game in languages in schools if we are to compete in an increasingly globalised economy...The curriculum should evolve to meet a rapidly changing world, and enable teachers to teach in a way that will continue to interest and enthuse their pupils". However, as with many of New Labour's concepts there is the belief that it will prove unmanageable as Liberal Democrat education spokesperson; Sarah Teather (quoted in

BBC 2007) identified “Without talented teachers to lead Mandarin or Arabic classes, a new more diverse curriculum will remain a pipe dream for most schools”.

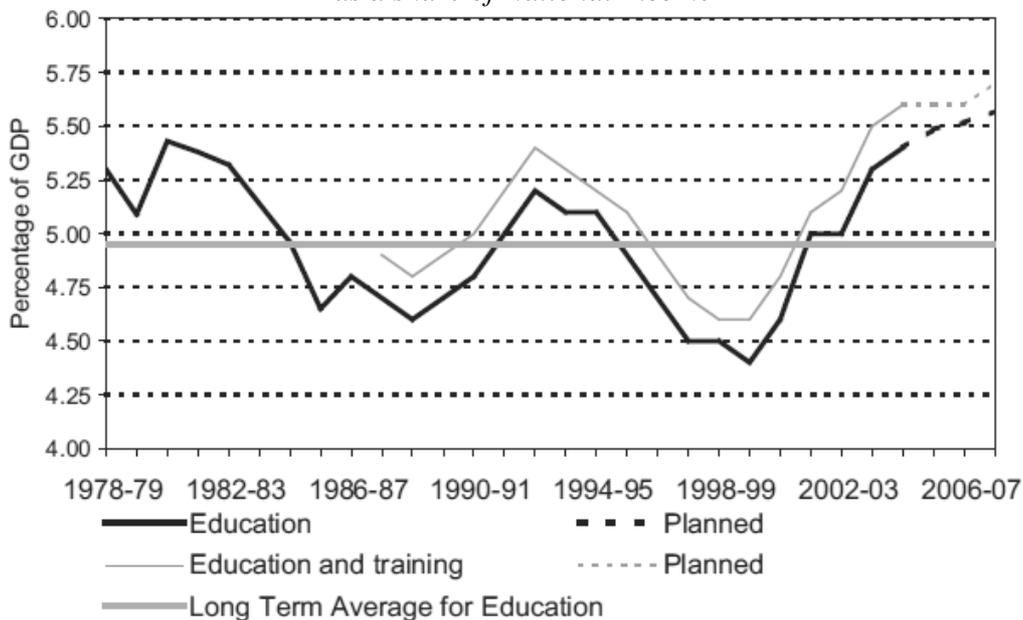
In summary, New Labour has clearly tried to diversify education provision to match the 21st Century Britain we live in. As the education strategy has been created it has become clear that it differed from what had gone before in at least two ways. First, in pursuit of standards it has seen itself as maintaining ‘the high challenge’ of the Thatcher approach, but providing much more support and suitable education to the needs of its pupils. Second, it has made ‘inclusiveness’ a twin goal alongside economic competitiveness.

It is in these three elements of better management, support and inclusion, plus a determination to retain and develop many of the Conservative reforms of the Eighties that characterise the New Labour approach to education. However, there can be no doubt that the inherited legacy and path dependency played a significant role in shaping these policies, their directions and abilities to gain public support for separate ‘religious schools’ and the role of private companies in state education.

Expenditure

There can be no question that New Labour has consistently placed greater financial support into education consistently when compared directly to 1979-97 Conservative governments' figures as shown in the below figure. Expenditure remains as in health, a main area of challenge to the compounded bipartisan thesis, on the surface at least.

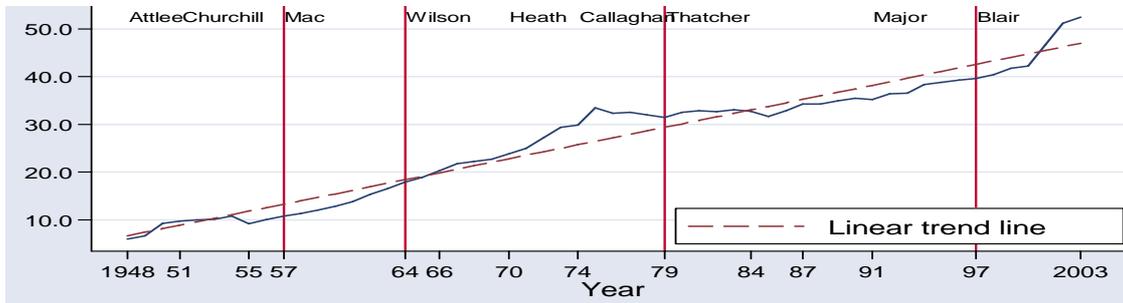
Figure 23 Historical and forecast educational spending 1978-79 to 2007-2008 as a share of National Income



Source: Select Committee on Education and Skills (2006:WE)

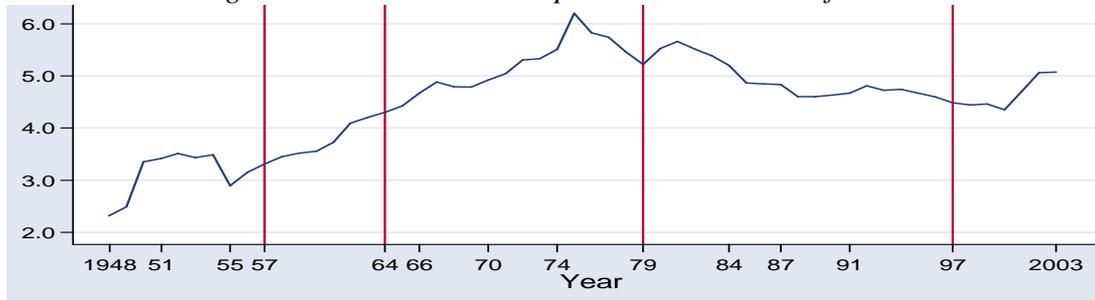
The level of support New Labour has put in are not unprecedented in education as outlined in the evidence from the Select Committee on Education and Skills indeed it fell to its lowest level under New Labour during 1998/9. Recent research in public expenditure and investment by Mullard and Swaray (2006), for example, demonstrates, as in health, how New Labour have clearly invested consistently more into education than the Conservatives, challenging the bipartisan thesis.

*Figure 24 Education Expenditure for the period 1948-2003 in billions
Education Expenditure adjusted for inflation*



Source: Mullard and Swaray (2006:506)

Figure 25 Education Expenditure as a ratio of GDP



Source: Mullard and Swaray (2006:506)

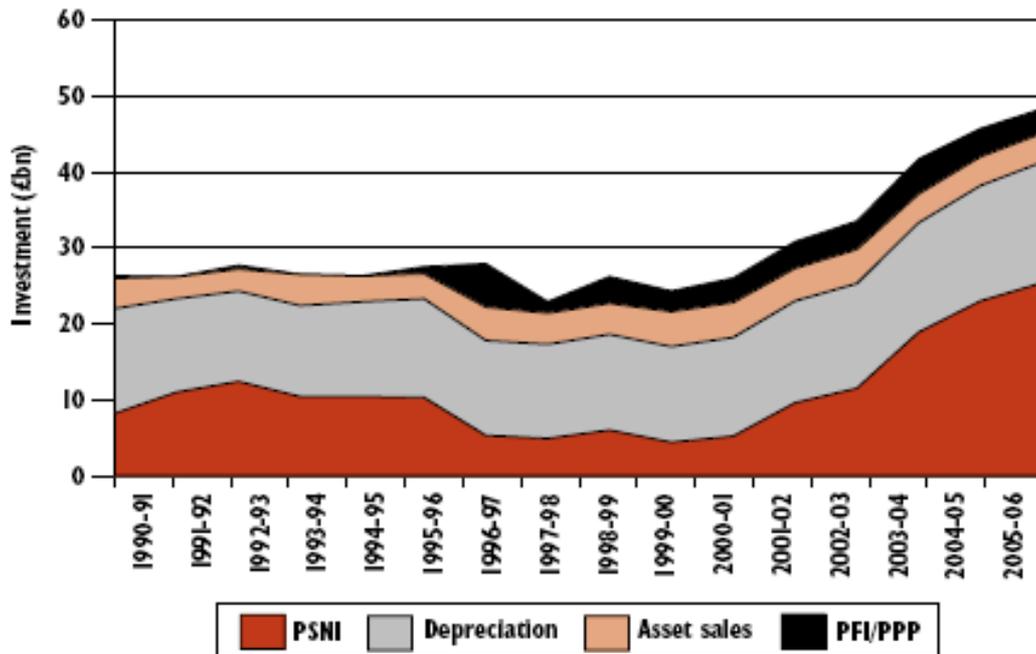
Conservative governments were spending £800 million per annum below the long-term trend compared with Labour governments' £1.3 billion above the trend for every year they were in office. The ratio of expenditure as a proportion of GDP has increased to 5.4% since 1997. Total government spending on education in 2004 was around £58 billion with £31 billion coming from the Department for Education and Skills and £27 billion from local authorities, which include redistribution grants from central government.

In the period 1998 to 2004 spending per child in schools increased from £2,930 to £3,900 per annum from an index of 101 to 137, compared with higher education, which increased from 100 to 106 or from £5,160 to £5,450 per student (Houten 2005). By

contrast, for each year of the Thatcher governments spending continued to drift below the trend. Within the context of cash limits capital expenditure was traded off for current expenditure so that capital expenditure fell from £2.5 billion in 1975 to around £700 million in 1992. Under the Blair government expenditure on buildings has increased from £924 million in 1998 to a forecasted £4 billion in 2007. Furthermore, the department is also providing an additional £1.5 billion of Public Finance Initiatives credits in 2006.

Within the macro context of increased funding, the government has also provided additional funding for schools in deprived areas to ensure greater equity as demonstrated in the diagrams below. The Sure Start programme, child support services, the City Academies, and Building Schools for the Future are all aimed at improving the chances of children coming from low-income families. As within health, New Labour has concentrated upon its Old Labour values in public service funding but it is the methods in which this has been achieved which brings the partisan alignment to the Conservatives, with the use of market principles and private partnerships to fund, control and maintain education services.

Figure 26 Total Investments in Public Services
(Public Sector Net Investment (PSNI))



Source: HM Treasury (2003:6)

In the specific context of public expenditure it is clear that the Blair governments have, at a minimum, started to put into reverse nearly two decades of under-investment in public provision although was a stated policy of Thatcherism. The control and reduction of public expenditure were central to the politics of Thatcherism since the long-term aim of the government was to change the landscape of expectations of government. The state is to be the enabler and not the provider.

HM Treasury (1979:1) notes, “Public expenditure is at the heart of Britain’s economic difficulties. Higher output can only come from lower taxes, lower interest rates and lower government borrowing” which with hindsight in 2007 can be said to have occurred. However, investment levels demonstrate a clear correlation between New Labour and its inheritance. New Labour sought equality and choice upon taking office.

While income inequalities had narrowed between 1960 and 1974, this trend had been reversed after 1979, reflecting growing disparities in earnings, policies on personal taxation that benefited higher-income earners and public expenditure decisions that adversely affected those on lower incomes.

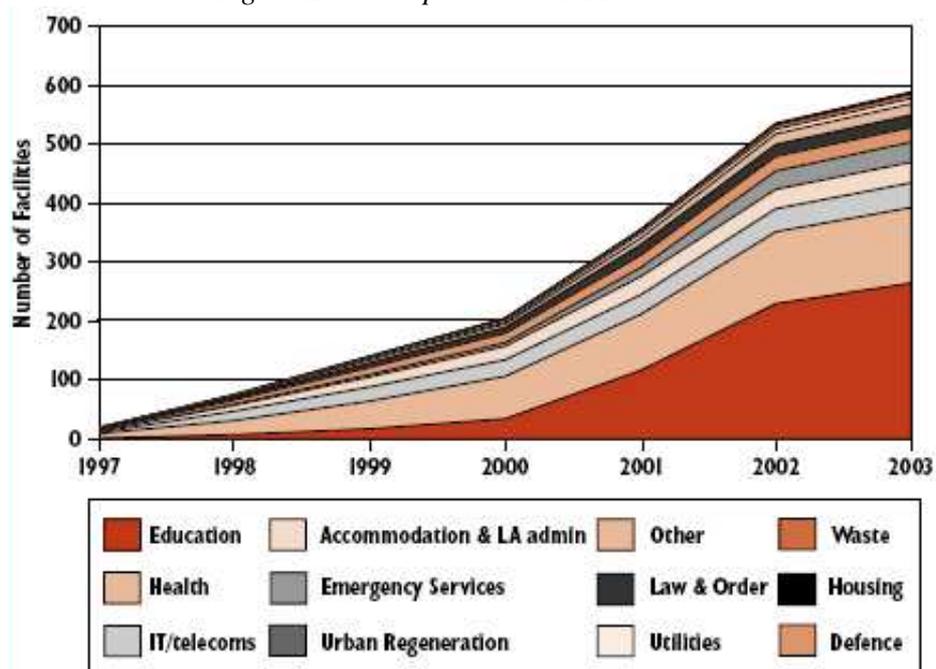
Glennister (2004:234) notes that the scale of the changes in original market earnings is astonishing in historical terms. The Gini coefficient of inequality had moved four points in the previous 30 years. And that was in favour of more equality. Then it was to move 10 points in 15 years. The result was to shift the UK from one of the more equal societies in the world to the most of the unequal of all advanced economies. New Labour as a result had little option but to increase investment if this trend was to be reversed and to prove equality, choice and opportunity for all summed up in Blair (2004f) speech on education. “Our (New Labour) task is to level up systematically. Not to accept what I call the entrenched three-tierism of the past: excellence for a minority, mediocrity for the majority, outright failure at the bottom. But to make success the norm: every school funded and empowered to succeed, so that every young person has the personalised learning to develop their talents to the fullest extent”.

New Labour method of financing the improvements has been to place a heavy reliance on PFI and private sponsorship as outlined by David Miliband’s (2003:717W) written answer, while the tables and diagrams constructed from Treasury documentation proves this approach is not unique to education or welfare policies in general.

“All new maintained schools are funded principally through public funds, but promoters of voluntary aided schools generally provide 10 per cent of the capital costs. The Department does not maintain any records of the source of the 10 per cent funding for the establishment of any new voluntary aided schools, or any significant contribution to the costs of establishing any other maintained school. Academies are publicly funded independent schools with private and voluntary sector sponsors contributing up to 20 per cent of the capital cost....with at least 33 Academies will be open by 2006”

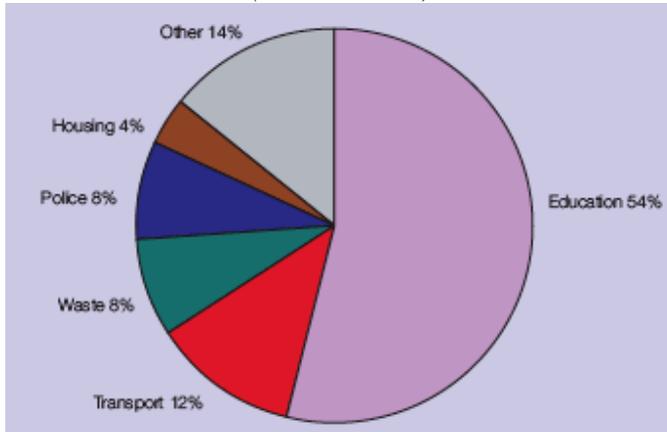
(Miliband D., 2003:717W)

Figure 27 Operational PFI Facilities



Source: HM Treasury (2003:24)

Figure 28
PFI Credits Issues by Services under New Labour
(1998-2004/5)



Source Office of the Deputy Prime Minister (2005:4.5a)

Table 14
Traditional capital financing and PFI by
major services under New Labour
1998-2004/5 by percentage

	Traditional	PFI
	%	%
Education	20	53
Transport	19	12
Social Services	2	3
Housing	32	4
Other	27	28
Total	100	100

Source *Office of the Deputy Prime Minister*
(2005:4.5c)

Graph and Table Summary:

The construction and investment undertaken through these PFI projects has already delivered, through the 451 completed projects, over 600 operational facilities delivering

- 34 hospitals, and 119 other health schemes;
- 23 new transport projects;
- 13 new prisons and secure training centres;
- 167 other projects in sectors including: defence, leisure, culture, housing and IT.
- 239 new and refurbished schools;
- 34 new fire and police stations;
- 12 waste and water projects; and

Data Source: HM Treasury (2003:18,20)

However, Mullard and Swaray (2006) conclude that, as in health, in the context of the achievements of improved facilities, investment and performances, it would still be misleading to locate the Blair government as a form of continuity with the agenda of Thatcherism.

Section 4 *Education Analysis Conclusion*

New Labour's education policy over the past ten years can be seen to have been guided by eight principles as summarized in the work of Hill (1999, 2000a, 2000b, 2000c, 2001, 2002, 2006, 2007). First, *Standards and Control*-there has been an emphasis on 'standards not structures', with increasing use of compulsory testing, of setting measurable targets; centralised control of the school and ITE curriculum; of surveillance and monitoring of pupils, teachers and those involved in 'initial teacher training'; and Punishment for 'failing' teachers, schools, Local Education Authorities (LEAs), teacher training departments, and for 16-18 year olds who do not participate in 'the New Deal' (of education, training, voluntary work or work).

Second, *Managerialism* with a focus of policy on 'Improving Schools' (and LEAs) and on managerialism, for example the focus on School Effectiveness strategies to raise standards; proposals to restructure and stratify the teaching workforce, such as proposals for Performance Related Pay (PRP) and for 'superteachers'. Third, *Competitiveness and Selection* which sees the continuation of most of the structural aspects of the 1988 Conservative Education Reform Act in terms of the macro- structure and organisation of schooling, with its principles of competition between schools, (in effect) selective schooling; local management of schools (budgets and staffing)

Fourth, made evident by this thesis is *Privatisation* through the introduction of privatisation into the management/ control of schools and LEAs; and Education Action Zones; and replacing the Further Education Funding Council (FEFC) and Training and

Enterprise Councils (TECs) by a Skills Council. There has also been a strengthening of the role of business; extending the Private Finance Initiative (PFI) private funding for and further business control over new schools and colleges.

Fifth, *Traditionalism*, a continuation (pace the 1999 Review of the National Curriculum) of the Eurocentric and traditionalist Conservative National Curriculum of 1995. New Labour has also continued its assault on liberal-progressive education (e.g. attacks on mixed ability teaching, a concentration on 'back to basics' in the curriculum with the Literacy Hour and Numeracy Hour in Primary schools); reintroducing the traditional academic/vocational curriculum and schooling.

Sixth, *Technoideology* a concern with technoculture an Information Technology driven 'knowledge society' with schools at the forefront; emphasis in IT learning in initial teacher education, where Information and Communications Technology (ICT) are particularly specified for Primary teachers (together with English, Maths and Science); and with schools linked up to a 'National Grid for Learning', IT strategies prominent in many EAZ bids.

Seventh, *Social Inclusion* New Labour has increased its spending targeted at areas of social exclusion with a focus on increased resourcing for inner city and other areas of social exclusion, in terms of rhetoric/discourse and finance, through a wide range of initiatives. These have included the Education Action Zones, and Education Maintenance Allowances for poor 16-18 year olds and increased funding for schools and

LEAs capital and revenue budgets (for example to reduce Primary class sizes and to repair and improve schools buildings). Finally, *Low public expenditure* strictly controlled spending on education within a regime of low public expenditure assisted by the use of Private Finance Initiative funding to keep down public expenditure, instead of sole use of local or national state finance

Within marketization, DfE (1988) is universally acknowledged as the watershed moment for education as from that moment there was no turning back. The Labour Government has clearly embraced the quasi-market beliefs with a similar enthusiasm to that of its Conservative predecessors. The main structures of the quasi-market are still in place – parental choice, open enrolment, funding following pupils, school diversity and publication of league tables. Notwithstanding this continuity, New Labour has made changes to the operation of the quasi-market, some of which has mitigated or should mitigate some of the inequitable effects of the quasi-market reforms.

However, these policy changes have been at the margins and the market-oriented philosophy continues largely unabated. Davies (1999:5) concludes that as long as the market reforms put into place by the Conservative ‘remain untouched’ all of the Labour Government’s social inclusion initiatives ‘are being fed into a structure which constantly penalises the schools’ that the Government is attempting to help. The conflict between competition and co-operation is also raised by Yeomans et al (2000:44) on a specialist schools level: “Some staff in specialist schools argued that there was a basic contradiction in asking secondary schools to collaborate in a context in which they were

in competition with each other for pupils”.

The failures of the DfE (1988) Act demonstrate the legacy of the Conservative education policies as a whole. Ball, Bowe and Gerwitz (1994), studying 15 schools in three neighbouring LEAs, concluded that the overall effect was to have increased the advantages of middle class families in securing better education for their children not the overall improvement of all social classes. Publication of league tables forces schools to be more interested in attracting academically able pupils and to target more resources to children who are likely to be successful in examinations. Schools have been forced to spend more money on marketing and resources often diverted from Special Needs in order to do this. Middle-class parents are more able to manipulate the system to their advantage - they have “cultural capital” - they know how to impress a headmaster, mount successful appeals, and make multiple applications. Middle-class parents can use their money to gain other advantages in paying for transport to more distant schools, move to areas where there are successful schools and afford extra coaching and childcare.

Whilst the Conservative reforms are to a large extent untouched, certain policy changes made by the Labour Government impact upon the functioning and questionably ‘fairer’ system of the quasi-market. In terms of regulation governing the markets, the Code of Practice on school admissions may affect the behaviour of schools that are their own admission authorities. However, it is important to note that this is a responsive form of quasi-regulation whereby action is only taken in the event of objections being received.

Also, those eligible to object are severely limited and individual schools may not object unless they are their own admission authority.

Within privatization, Poole and Moody (2006) note that, despite claims of ‘pragmatism’, New Labour clearly preferred PPPs. Withstanding that PFI projects account for just 13 per cent of the total capital expenditure on public service infrastructure (Hirst, 2005), and the abundance of PPPs marks an important trend towards a more significant role for business in the welfare sector. The capital value of PFI projects exceeded £2.5 billion in 2001 and by 2003 the value of schools PPPs in Scotland was £500 million. The *ideological* commitment to PPPs is strengthened by the fact that the requirement, introduced in 1994, that the Private Finance Initiative (PFI – the forerunner to PPPs) be shown to be impracticable *before* a traditional approach to public service financing can be considered, remains in place.

Moreover, finance from central government takes the form of ‘PFI’ credits, embodying a lack of real choice regarding ‘modernization’ routes despite the lack of evidence that PPPs are always the best policy option available (IPPR 2001). Furthermore, the elevation of PPPs as a primary means through which to meet public service investment needs, reflects New Labour’s commitment to providing new opportunities for business in the shape of profits from welfare. The government is proactive in opening up public services to competition and commercialization precisely so the revised General Agreement on Trade in Services (GATS) can be applied to them. This supports Hatcher’s (2001:52) general conclusion that New Labour was incubate the emerging British edubusiness

sector wherever possible as a potential national and international money-earner, capable of competing in the global market when it was finally exposed to the full force of competition from the US edubusiness industry. This was with the aim of securing investment opportunities both within and across national boundaries.

Within school diversification, whilst the Labour Government was not proposing to return to an academically selective system across the country it has retained and augmented the mix of school types. However, it is not clear to what extent the increased diversity will affect the operation of the quasi-market. The newly created religious schools are relatively small, catering for a 'niche market' and are unlikely to have a major impact on the structure or operation of the quasi-market (Walford 2000). Reforms outlined in February 2007 emphasise explicitly that education is being diversified to meet 21st century society needs: "We need to raise our game in languages in schools if we are to compete in an increasingly globalised economy" (Alan Johnson-quoted in BBC 2007).

It remains to be seen what sort of impact the increasing number of specialist schools will have on the operation of the quasi-market, especially if virtually all schools were to become specialist as proposed in the 2001 manifesto and 2006 Education Act. It is possible that disadvantaged specialist schools in inner city areas will attract more middle-class parents and so gain a more balanced intake and the 'gifted and talented' strand of Excellence in Cities may also serve this purpose. The introduction of city academies is another move to increase diversity based on the assumption that the private sector will be able to deliver where the public sector has failed. There is debatably an even more

market-oriented philosophy underpinning this policy than pursued by previous Conservative administrations.

In summary, the main polarization between the New Labour and the Conservative governments are the greater emphasis by the latter on competition and a greater emphasis by the former on social inclusion. This emphasis on social inclusion is demonstrated both in its new policy initiatives such as Excellence in Cities, and in the re-working of Conservative initiatives such as the specialist schools programme, which now places an emphasis upon co-operation between schools. There have also been attempts to deal with some enduring problems by, for example, providing a mixture of incentives and disincentives to discourage schools from excluding pupils and by making minor changes to league tables to reflect some specific problems experienced by schools. However, this change in emphasis cannot be characterised as a major policy shift. Thus, while New Labour has attempted to soften the edges of the quasi-market it has not tackled its major deficiencies such as the power that schools who are their own admission authorities have.

The Three phases of New Labour Education Policy

This thesis conclusion draws strongly upon the critical education discourse approach as New Labour has moved through different phases during its time in office. This makes the choice of timescale crucial to the conclusion reached. Jary's (2005) research creates a table listed below summarizes the three phases of New Labour's approach to education policy both school age and Higher Education, demonstrating their acceptance of the inheritance as well as their Third Way ideology. This has strong overtones of the phase's

scheme outlined by Steer *et al* (2007) as well as the three phases of New Labour policy in health identified in the research of Greener (2004:312).

Table 15 The Three Phases of New Labour's Education Policy

Bipartisan Education Policies

1. Conservative policies in part carried forward into New Labour's Third Way policies
 - 'New Managerialism': use of market and quasi-market mechanism and Quality Management (QM) and New Public Management (NPM)-emphasis on 'efficiency gains' (value for money), competition, performance indicators, league tables etc.
 - Continuation and increasing selectivity of the Research Assessment Exercise with the aim of sustaining 'world class' institutions and research
 - Continued emphasis on accountability and review-external reviews of institutions of the overall standards of awards and of the quality of teaching and learning
 - Enterprise in the curriculum initiatives aimed at promoting a better awareness of business and industry among higher education students, carried forward in an emphasis on 'transferable skills'

Source: Jary (2005:644)

Additional emphasis created by New Labour policies

2. Added emphasis in Labour's Third Way Education Policies
 - Increasing emphasis on the labour requirement of the global 'knowledge economy'
 - Increasing student numbers towards a target of 50% participation with an emphasis on under-represented groups
 - Continued emphasis on accountability and review-external reviews of institutions of the overall standards of awards and of the quality of teaching and learning
 - Provision of increased funding for higher education 'efficiency gains' less relentless, even reversed in some cases.

Source: Jary (2005:644)

Projected developments under New Labour's 'second phase'

3. Further projected development of New Labour's Third Way policies: a 'second phase' of the Third Way (Giddens 2003):

- Goal of less contested methods of quality assurance and enhancement and stakeholder involvement and benefits, e.g. enhancing the student voice and role of educational establishment
- General goal of greater social inclusiveness and further democratisation of education in particular higher education, including widening participation
- Both of these are aspects of a wider emphasis on a 'progressive agenda' (Giddens 2003) including: the 'investment state', 'joined-up government', 'partnership' and movement beyond NPM

Source: Jary (2005:644)

When compared with Phase one, Phases two, Phase three sees funding increased and previous prominences on 'efficiencies' ended. 'New managerialism' and a recourse to management tools, continues, but in response to criticisms the use of these tools was refined and the 'harder' forms of top-down management counterbalanced by a greater recognition of the importance of working more with the grain of academic subjectivities in pursuing Third Way objectives. Elements of marketization and resource competition – notably in connection with the top-up fees – continue, but these represent strategies that reflect what can be seen as a long-standing intractability and genuine dilemmas in education policy exacerbated by global pressures on UK higher education.

Evidence exhibits a separation from their inheritance in three important ways. Firstly, the government itself has sought to manage the education system by setting targets, assessing performance and offering money on 'a something for something basis'. Secondly, in pursuit of standards it has seen itself as maintaining 'the high challenge' of the Thatcher

approach, but providing much more support. Thirdly, it has made ‘inclusiveness’ a twin goal alongside economic competitiveness. In addition, as in health New Labour has concentrated greater public expenditure using an evidence-based (Treasury 2005) approach compared to the Thatcherite ‘Star Chamber’.

ESSC (2006) clearly notes that there has been a significant increase in the amount of money spent on education by the Government. From 1998–99 to 2004–05, spending on schools rose from £21.545 billion to £32.510 billion, an increase of 50%, and real terms funding per pupil rose by over 30%. This they emphasise has resulted in attainment as measured by public examinations and national tests have risen over this period. The percentage of pupils achieving five or more A* to C grades at GCSE has risen from 46.3% in 1997–98 to 55.7% in 2004–05, and the proportion of eleven year olds reading at the level expected of their age rose from 67% in 1997 to 83% in 2004. If a conclusion was to be drawn simply upon a public expenditure model then it could be argued to be misleading to locate the Blair government as a form of continuity with the agenda of Thatcherism.

However, what is significant about all the apparent New Labour changes outlined in this chapter is that they differ little at root from those inherited in May 1997. Much of the New Labour changes were fore shadowed in Barber’s (1996) book, “The Learning Game” which was personally endorsed by Blair. Many of the education reforms introduced by the Conservatives from 1988 onwards, bitterly attacked at the time by Labour in opposition became the backbone of the Blair’s programme. That is, New

Labour enthusiastically adopted all the national curriculum, tests and league tables, financial delegation to schools, and a beefed-up inspection service. They also retained the Conservative spending plans for their first two years.

The Specialist Schools programme, which the Conservatives had happened on following the failure of business to support the City Technology Colleges in the numbers expected, has famously become part of New Labour policy subsequently extended with the creation of business-backed City Academies. It was Gillian Shephard, the outgoing Conservative Secretary of State who initiated even the literacy programme, which New Labour counts as one of its great successes. Such was the extent of the take-over that the Conservatives struggled to establish “clear blue water” in the election campaign, and John Major was left somewhat stranded with the promise of a grammar school in every town. Equally, New Labour has like the Conservatives before, failed to solve the main structural issues preventing a successful policy outcome. As in health, the evidence demonstrates that it is the government itself that is the catalyst for the failures in the education service as the policies perused simply prevent the market system from working to its full potential.

CHAPTER 4

THE LEGACY OF CONSENSUS

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Section 1 Introduction

As June 2007 ushered in Gordon Brown as Labour's leader on a ticket of bringing a new approach to politics, this thesis needs to address the level of and legacy of consensus in welfare politics that is being inherited by this new wave Labour government.

How do MPs judge the consensus?

The research of Bochel and Defty (2007) rests on work undertaken by Taylor-Gooby and Bochel (1988, Bochel 1992) which surveyed MPs' attitudes to welfare in the late 1980s, at a similar stage in the life of the Thatcher government. Bochel and Defty (2007:13) demonstrate that, within the context of Parliament, there has clearly been some significant movement towards a middle ground in MPs' attitudes to welfare and this in turn lends some support to the idea that there is an emerging consensus as outlined by the below figure.

Table 16
Do you believe there is a political consensus around general approach to welfare?
(Percentage response by party)

	<i>Labour</i>	<i>Conservative</i>	<i>Lib Dem</i>	<i>SNP/Plaid Independent</i>	<i>Total %</i>
<i>Yes</i>	13	11	0	40	14
<i>Some Consensus on objective/language but not method</i>	35	56	60	20	41
<i>No</i>	52	33	40	40	45

Source: Bochel and Defty (2007:13)

This is particularly evident in any comparison of the attitudes of MPs today with those of the 1980s, a period when there was little or no consensus on approaches to welfare.

However, if there is some return to consensus on welfare it is a new consensus. Indeed, on the question of paying for welfare, Bochel and Defty (2007) show that the main lines of consensus among MPs depends not so much on whether state-funded provision is appropriate, or on whether tax-funded increases in provision are desirable, but whether such tax increases are acceptable to the electorate.

There was widespread agreement among MPs from all parties, irrespective of their personal attitudes towards tax and spending, that restraints on taxes and public spending are essential for electoral success. Indeed, when asked to outline the main challenges facing the welfare state today, cost set against the public desire for lower taxes was the second most popular choice among both Labour and Conservative MPs. Over seventy-four percentage of MPs rejected raising taxes as a means of paying for better services with forty-two percentage favouring partnerships and individuals the most popular answer as outlined below.

Table 17
Would you be in favour of an increase in
general taxation to pay for increased welfare provision?
(Percentage response by party)

	Lab	Cons	LD	SNP/Plaid/ Independent	Total %
Yes	41	0	44	75	29
No	59	100	56	25	71

Source: Bochel and Defty (2007:10-11)

Table 18
How do you think welfare services should be financed?
(Percentage response by party)

	<i>Labour</i>	<i>Conservatives</i>	<i>Lib Dem</i>	<i>SNP/Plaid/ Independent</i>	<i>Total %</i>
<i>By the state through general Taxation and national insurance</i>	63	0	90	100	51
<i>Mainly by the state, but individuals To take the burden in certain sectors</i>	37	75	10	0	42
<i>Beyond a state funded safety net- Mainly by individuals and their families</i>	0	35	0	0	7

Source: Bochel and Defty (2007:10-11)

Table 19
Who should be responsible for providing welfare services?
(Percentage response by party)

	<i>Labour</i>	<i>Conservatives</i>	<i>Lib Dem</i>	<i>SNP/Plaid/ Independent</i>	<i>Total %</i>
<i>Mainly the state</i>	50	0	56	80	37
<i>A range of providers including state, private and charitable sectors</i>	8	35	33	0	20
<i>The public and private sector in partnership</i>	42	30	11	20	32
<i>Mainly the private sector</i>	0	35	0	0	12

Source: Bochel and Defty (2007:10-11)

Bochel and Defty (2007:15-16) conclude that while there is convergence of attitudes on a middle ground (defined by financial restraint and the mixed provision of welfare services, designed to help those in most need, while enabling others to help themselves) there is now arguably a broad consensus on ends: the elimination of poverty particularly among pensioners and children, the movement of people off welfare and into work, and the creation of a competitive economy by restraining spending and the burden of taxation.

There are some areas of consensus on the means of achieving this, most notably through a commitment to mixed provision. However, there remain fundamental differences relating to the delivery of these objectives, with areas of disagreement over issues such as means testing, the minimum wage and tax credits, which is born out in other research outlined in this thesis. Equally Bochel and Defty's (2007) research demonstrates that while there has been a clear movement of MPs towards a centre ground on welfare, it is not clear how firm this ground really is. There is still strong support among backbench MPs for approaches to welfare provision that reflect the poles of traditional Labour and traditional Conservative values of social justice and minimal state support.

The consensus shown through Bochel and Defty's (2007) research is built upon parties' belief that the middle ground is the key to electoral success which dovetails with the original theory from Kavanagh and Morris (1994) on the nature of a political consensus.

What level of bipartisanship has been created?

This thesis has identified a bipartisan approach to welfare, leaving two possible types of bipartisanship to consider. First, superficial similarities but with quite marked differences under the surface, which is a difficult conclusion to justify given the superficial similarities within the three sub-divisions of decentralization outlined throughout this thesis. The second type of bipartisan approach is superficial dissimilarities but quite marked similarities once one gets into the detail of the reforms themselves. 'Superficial similarities' with some marked differences matches the evidence presented throughout the thesis specifically when financial elements are included.

This chapter, using the evidence presented in the earlier ones, demonstrates not only the high level of consensus but also the causes, which could arguably have made it inevitable or path dependent following eighteen years of Conservative governments. It will conclude by outlining the long term legacies created by ten years of New Labour specifically, within Health and Education the two main comparison topics of this thesis. To aid this process, two Venn Diagrams (Figures 29 and 30) have been created to demonstrate graphically the consensus within the three central themes of decentralization, the specific introduction of marketization principles, the role of privatisation, and diversification.

The Venn Diagrams shown on the next two pages show and imply overlap of categories on the basis that all three are part of the concept of decentralization. The position of the arrow on the diagram emphasises where the feature of decentralization falls in the opinion of this thesis. Some can be classified as strongly falling within one sub division for example the introduction of competition, regulation and league tables as market principles, where as others show how the terms interrelate. Within the health diagram to provide an example, “the introduction of a ‘Quasi’ Market principle created the opportunities for private and diverse non state providers in health care” arrow has been placed in a position emphasizing that it falls into all three sub divisions of decentralization. The concept while from a marketization principle, requires the private and diverse non state providers to be willing to enter health care, while that allows for greater diversity of health care.

Figure 29 Demonstrating this thesis' three sub divisions of decentralization
 Noting the critical introduction of market principles in creating the opportunities for the
 rise of privatization and diversification

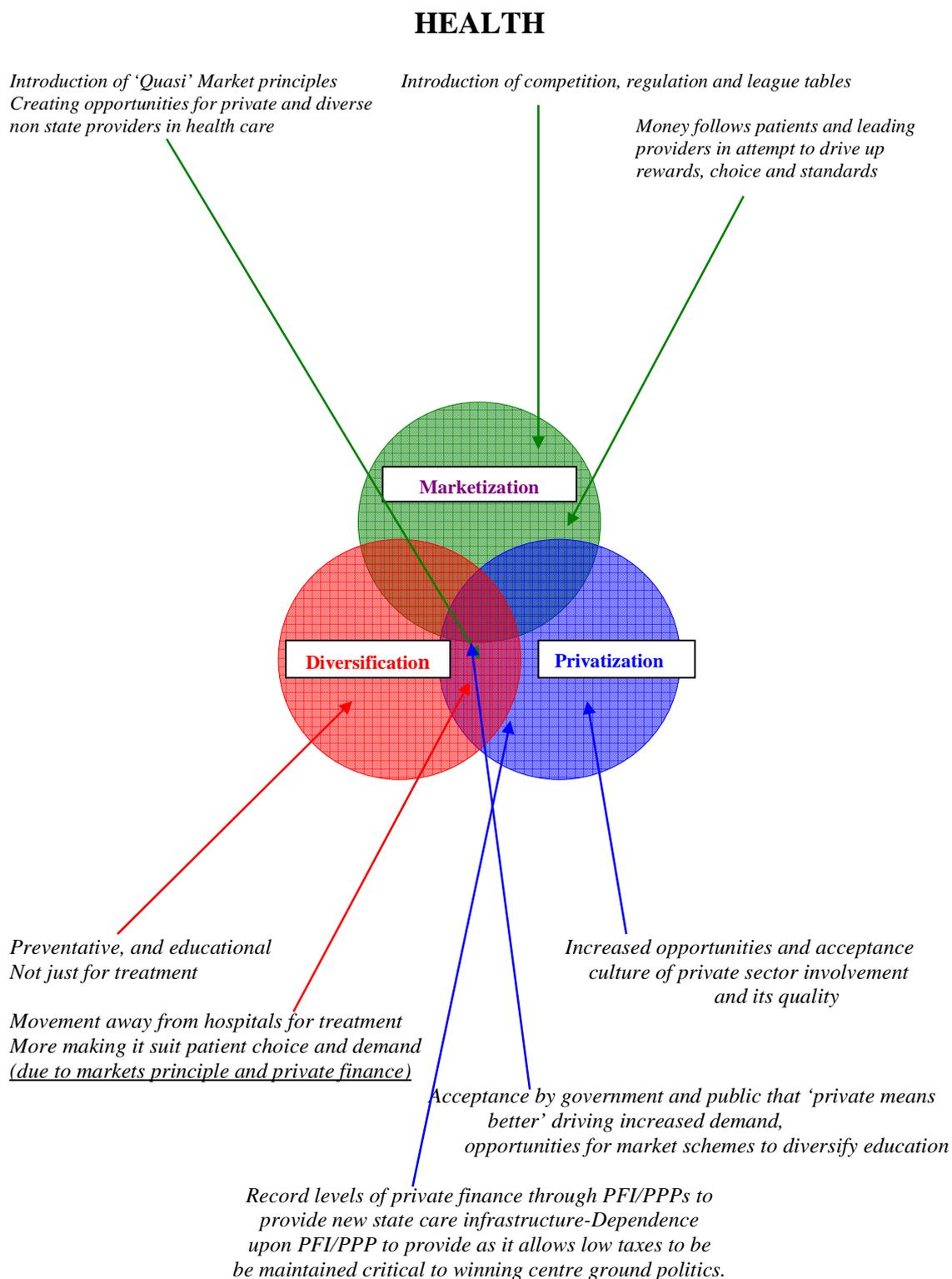
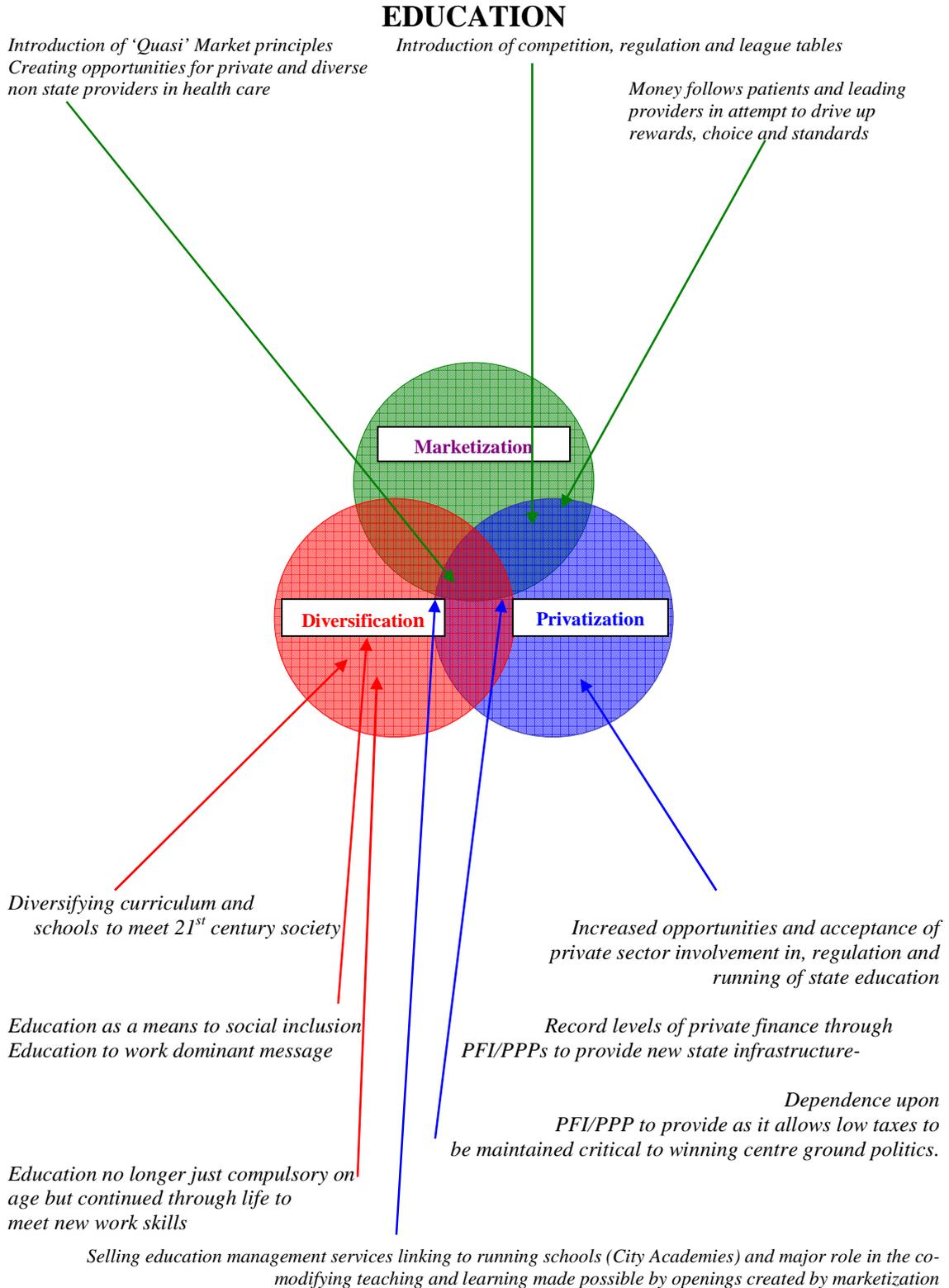


Figure 30 Demonstrating this thesis' three sub divisions of decentralization
 Noting the critical introduction of market principles in creating the opportunities for the
 rise of privatization and diversification that has occurred



Section 2 Why did New Labour create a bipartisan approach to welfare?

The evidence presented in this thesis suggests the following main reasons: a lack of alternatives to gain critical centre ground politics; lack of resources limiting options with an acceptance of the merits given by their inheritance while considering whether path dependency can be seen as a major cause of New Labour policies?

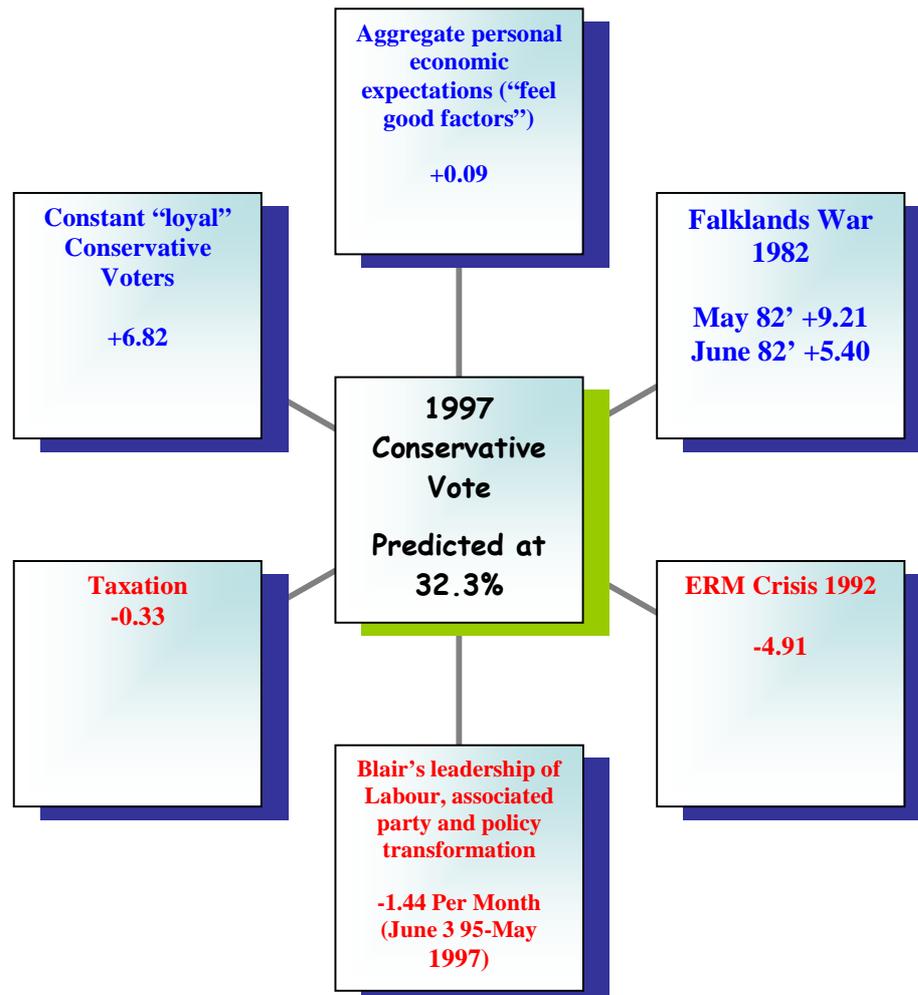
Lack of an alternative when seeking the winning 'centre ground'?

As with Thatcherism, New Labour's approach has been more predictable and pragmatic than recognised when considering their inheritance. Thatcher inherited a disunited country, accustomed and resigned to strikes, disillusioned with central governments and in a poor financial position. Thatcher thus took a strong line politically and financially. New Labour inherited a United Kingdom, whose financial position was relatively strong and where people simply wanted a change of government not simply a change of style supported by NOP Exit Polls (1997 in Kellner 1997). Saunders's (1997) model of voting and research shows the influences upon the Conservative vote in 1997 emphasises the result was about rejecting the 'tired' Conservative Party and looking to New Labour due to Blair's leadership and their core policy changes from previous Labour governments. The model demonstrated in Figure 31 below is constructed from his research and predicted Conservative support at 32.3%, acceptably close to the 31.5% which the party actually obtained on 1997.

Figure 31

“The University of Essex Model of the factors shaping British Elections results 1979-97”

Positive Impact upon Conservative Vote
Negative Impact upon Conservative Vote



Source: Saunders (1997:251-270)

The model’s factors gain support Curtice (1997) as well as Norris and Evans’s (1999:xxix) who suggest “The 1997 election can be most plausibly regarded...as an

expression of negative protest against the 18 years of Conservative rule, prompted by the pervasive problems of sexual and financial sleaze, internal leadership and the sense of economic mismanagement which affected the Major administration after the 'Black Wednesday' ERM debacle". That is not to say that the model is not without its critics, and certainly its choice of events and actions leave some questions unanswered. Why, for example should the 'Gulf War' of 1990 not have had an effect on votes when the Falkland War did (if only for a short period)? Why should the poll tax or Mrs Thatcher's leadership not effect when Tony Blair does, although Saunders (1997) does note the statistical performance of the model is not improved by these events.

Driver and Martell (1998:21-31) importantly place the creation of a 'New' Labour developments within the context of other Socialist and social democrats on the continent who equally found the political tide had moved to the Right. France, Germany, Austria, Italy, Denmark, Norway and the Low Countries all saw Centre Right governments sweep into power which forced social democratic parties to rethink their strategies on policies. Equally, in 1992, Bill Clinton swept into the White House on the back of a 'New Democrat' ticket, putting distance between himself and the traditional Roosevelt and Truman Democratic politics of unions, welfare state with high taxes and government intervention in the economy.

New Labour's strategy of moving to the centre ground effectively making a bipartisan approach inevitable was the only way they could achieve electoral success. Radice and Pollard's (1994) Fabian pamphlets before and after Tony Blair's election as Labour

leader were arguing the need to win over the new Thatcherite created 'Middle England' who wanted ownership, opportunity and choice but equally high quality NHS, education and lower crime levels. In light of this are the current policy strategies of the Conservative Party, focusing on Middle England ground of NHS, education, crime and Green Politics, really unexpected in their eleventh year of opposition and fourth leader in David Cameron?

As summarized in Smith T., (2003:580-596), the consequences of New Labour's reforms and policies is that it has best classified as a 'so-sn-sb-sb' approach to politics.

Something old (so) in so far as many of the ingredients of the 'new welfare state' are 'old' rather than 'new' as building the welfare state around work: 'work for those who can; security for those who cannot' is little more than a more humane version of the 'less eligibility' concept of the New Poor Law. Work incentives were seen as vital by the Beveridge Welfare State which nominally incorporated notions of the obligations of actively seeking work, which were not rigidly enforced during periods of relatively low levels of unemployment. The importance of a voluntary and private extension ladder above a state minimum would be familiar to Beveridge model of welfare (Hewitt and Powell 1998). In some ways, the new welfare state has merely taken some old policies from the shelf, dusted them down and given them a new gloss.

Part of the New Labour approach are new (sn) having placed great emphasis on modernisation, national renewal and a young country. It might be considered that

everything associated with New Labour would be 'new'. While the welfare state of the 1940s represented a great period of modernisation, these institutions have not adapted to the changes of the last 50 years and required modernisation themselves. According to the Welfare Green Paper (DSS 1998) the welfare system has failed to keep pace with profound economic, social and political changes. Globalisation means that governments can no longer 'tax and spend' or pursue Keynesian full employment policies in one country. For New Labour, we are all globalists now. Just as the economic sphere has changed since Keynes, the social sphere has changed since Beveridge. The machinery of welfare has the air of yesteryear, and has failed to take account of changing work, working women, changing families; an ageing society, and rising expectations. The NHS is viewed as a 1940s system operating in a 21st century world that the electorate want improved but unwilling to finance it through taxes.

However, Powell (1999) and other later researchers challenge this viewpoint. The NHS has 'modernised', new technology has been introduced; many new hospitals were built under the Hospital Plan of the 1960s. The NHS may not have modernised as fast as systems in other countries or as fast as it should, but the desire for acceleration of change and clear orientation towards change is hardly a 'new' approach to welfare. The realisation that left-centre parties need to attract the middle class is a *re*-discovery of New Deal/ Great Society alliances in the US (Philpot 1999, Corera 1998, 1999) and Attlee's Old Labour of 1945.

Driver and Martell (1998, 2000) supported by Corera (1998, 1999) believe the evidence is striking that New Labour has driven itself on a New Democratic model is in the striking parallels between New Democrats and New Labour centrality of work, moves to a more conditional welfare, flexible labour markets and 'zero tolerance' on crime and failing schools, tax credits and 'workfare' tax credits. New Labour has also been influenced by other 'vote winning' approaches to government from parties that were in opposition during the 1980s and early 1990s in Australia and New Zealand.

Indeed, it is clear as Blair leaves the political stage in 2007, he also leaves an indelible legacy on European politics as attempts to copy his style of leadership, policy orientation have surfaced in Germany, France and Italy. Indeed, Blair complained that "in the rest of Europe I get a lot more publicity for the ideas of New Labour and the new government than I do in Britain" (in Wheen 1999). However, opinion polls suggest that longevity has not necessarily brought him greatest support as Hall (2007) survey data showed 80 per cent of UK respondents said that hospitals were either no better or worse than in 1997, with 72 per cent seeing no improvement in schools. Harding (2007) survey data showed that asked whether Blair would make a good first president of the European Union, 64 percent of Germans, 60 percent of Britons and 53 percent of French respondents said nein/no/non.

The notion of 'something blue' (sb) can gain support as there are many policy similarities, notably in the areas of public spending and taxation, workfare, a new mixed economy of welfare that focuses on the market and civil society rather than on the state,

toughness on crime and - in spite of the rhetoric- a centralisation of decision making. In some areas New Labour has gone further than the Conservative legacy, an example being in its orientation towards the benefits and power of the private sector to do it better than the state sector, the New Deal for the young unemployed, which arguably has larger sticks than Conservative schemes. The package of ending student grants and the introduction of student tuition fees has risked the middle class wrath so much so that Sir Keith Joseph regarded it as not practical politics.

On the other hand, some Conservative policies, such as the Assisted Places Scheme (APS), tax relief on health insurance and General Practitioner Fund Holding (GPFH), have been abolished. Over the past ten years, New Labour has attempted to retain the benefits of the Conservative legacy while ensuring they project 'Old Labour' values that find a resonant response amongst the people and not just business. New Labour wanted to be the party for all people confirmed by Blair's (1997) speech to the South Bank rally "Today on the eve of this new millennium, the British people have ushered in this new era of politics, and the great thing about it is that we have won support in this election from all walks of life, from all classes of people, from every single corner of our country, we are now today the people's party" (Blair 1997 cited in Cathcart 1997).

After eighteen years in opposition, policies that are promising to grant a minimum wage focus on education, improvement to the medical services and attempts to plug the looming huge pension's crisis, and updating welfare services are all vote winning policies. There can be nothing more predictable than that after eighteen years in

opposition as no matter the benefits of policies they are nothing without being in government.

After eighteen long years in opposition it can be no surprise that the party would orientate itself towards the winning approach as whatever the benefits of their policies they are nothing outside of office as supported by Ian Duncan-Smith (2002) statement. “The Third Way was ultimately only a process for getting into power by saying that they weren't old Labour and they weren't the Conservatives, so somehow they must be all right”. Stephen Pollard (1997 quoted in Driver and Martell 1998:95) the former Head of Research at the Fabien Society argued that New Labour's health reforms were “intellectually contradictory but politically necessary”.

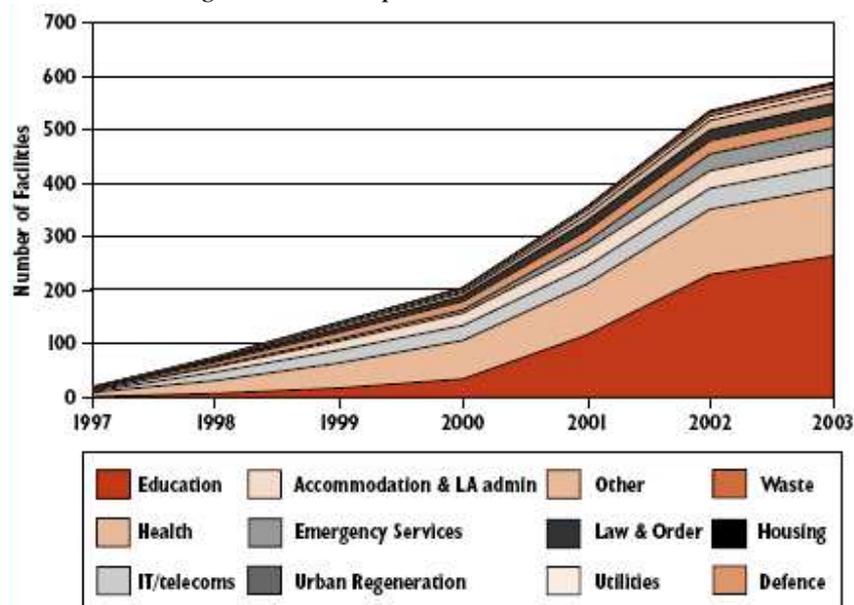
Limited resource force alignment to private sector

There can be little argument that New Labour has relied on non-state sector providers and to reach record levels with Education and Health have the dominant number of operational PFI facilities as demonstrated in the Treasury (2003:24) graph below. The graph does though, show that this alignment to private sector is not simply constrained to welfare services through not at the same level as health and education which account for over 70% of operational PFI facilities between 1997-2003. This is a pattern strengthened by the IFSL (2008) table below which shows 15,000 PFI, PPP created in health and education from 2003 up to 2007. Perhaps, this is because in the shape of Hewitt (quoted in Carvel 2006) the government removed the upper limit on acceptable levels of support

from private sector providers, publicly admitting for the first time the reliance upon them.

But, was it all not predictable again in 1997 when considering their inheritance?

Figure 32 Operational PFI Facilities



Source: HM Treasury (2003:24)

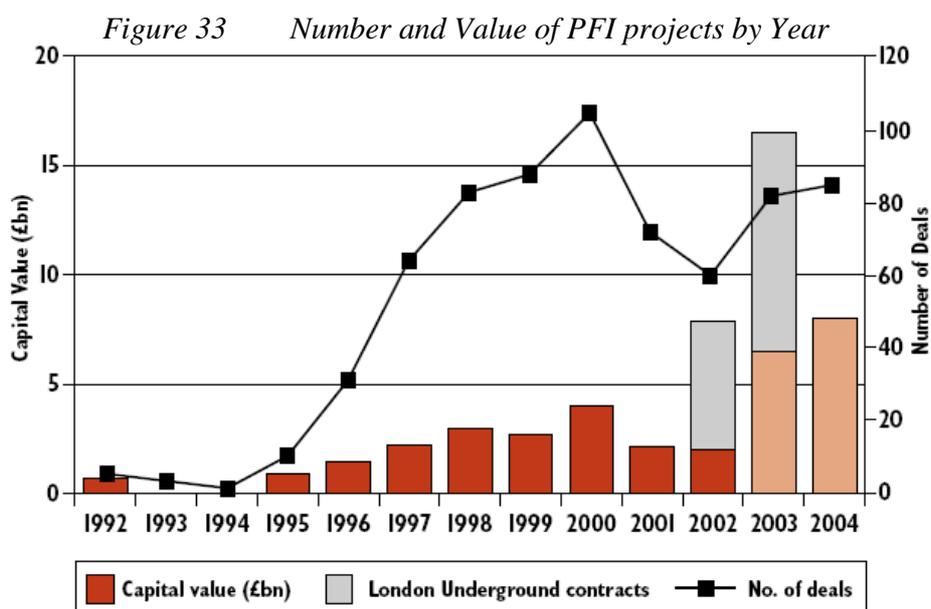
Sector	2003	2004	2005	2006	2007	Cumulative 1987-2006	%share 87-2006
Transport	442	457	403	292	497	16605	28.4
Health	707	2681	992	3020	1911	13848	23.2
Education	373	575	1146	2434	2415	9268	15.5
Accommodation	332	718	443	1455	616	6416	10.7
Defence	775	121	600	1800	1000	6021	10.1
Telecoms & IT	60	25	540	--	490	2672	4.5
Waste mgt & water	343	300	--	575	314	2537	4.2
Local Govern'	361	295	98	--	--	910	1.5
Other Projects	68	74	38	31	75	1118	1.9
TOTAL	3461	5245	4261	9607	7318	59745	100.0

Source IFSL (2008)

New Labour faced two stark choices upon election in 1997 if they were to keep manifesto commitments to improve welfare services. Tax and spend, risking the return to one-term

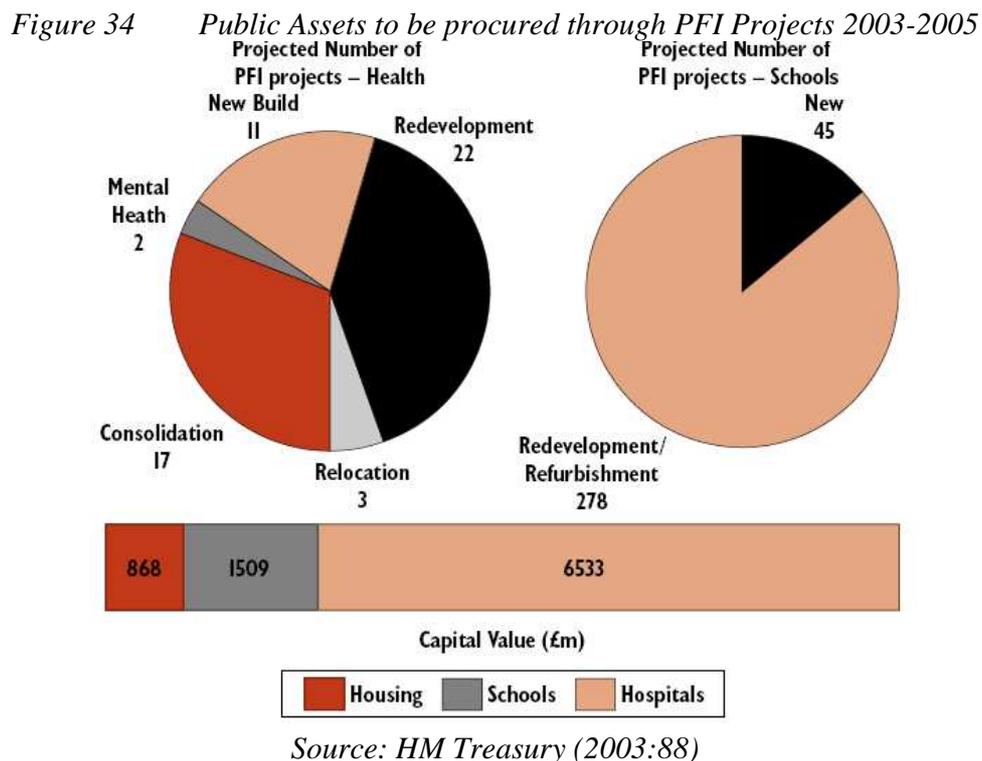
governments or create opportunities for the private sector to manage the much needed improvements to the welfare infrastructure. New Labour nailed its colours to the mast the famous commitment to keep within Conservative spending limits for the first two years while also stating the government's desire to improve the infrastructure.

The finances do not balance without the increasing use of private sector and non public sector providers to spread the costs as wide as possible if reducing the profits made as a consequence of the improvements (removal of formerly free services such as car parking, television and sale of spare land for housing). Blair's (2001:252) PM questions answer makes clear how key PFI payments are to rebuilding state infrastructures and confirmed by the below HM Treasury (2003:88) PFI project graph. "The private finance initiative in the national health service, for example, and with our schools, is delivering huge benefits. That co-operation with the private sector is an important part of rebuilding our schools and hospitals" (Blair 2001:252).



Source: HM Treasury (2003:88)

New Labour also inherited a country, as outlined throughout the thesis, accepting the merits of private sector involvement and the philosophy that to get the best you have to pay the best. The ability for dentists to go private and still fill their books, alongside BUPA who have achieved record numbers since the onset of MRSA in hospitals. Private Schools have never been more popular as parents accept the road to wealth and prosperity lies through education. In light of this, limited finances and a pledged commitment to spend billions on improving education and health services is New Labour's strong alliance with the private sector was predictable confirmed by the below diagram showing the high level of public assets procured through PFI projects.



Evidence also suggests that New Labour chose alignment with the private sector as its method of managing welfare due to the positive effects emphasized by the Treasury

(2006). PFI/PPP advocates say that many hospitals and schools would not be built at all without private finance because public money was simply not available. Performance-related penalties in most PFI/PPP contracts were designed to ensure a continuing improvement in standards, far in advance of anything that could be achieved in the public sector with the added benefits that taxes do not have to be raised.

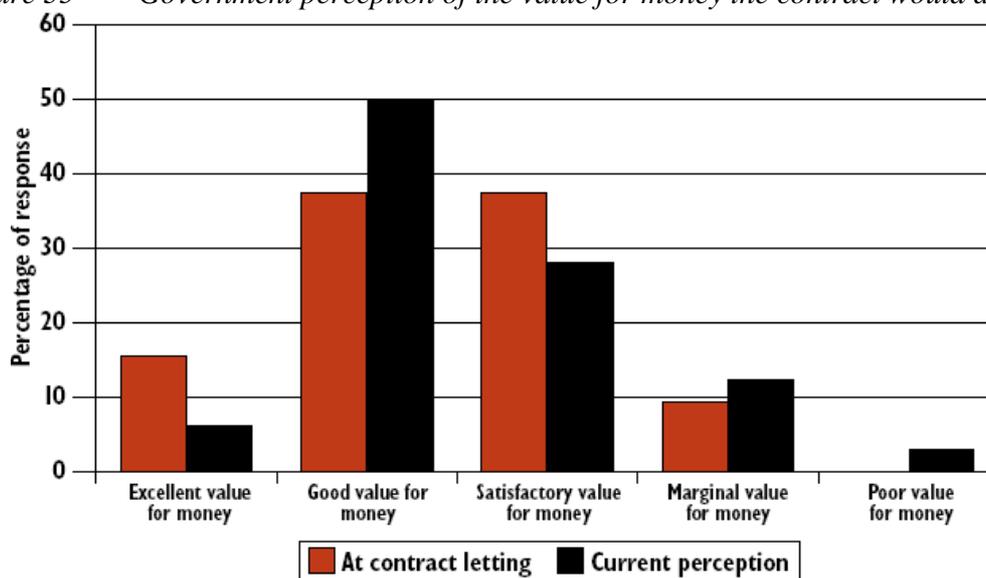
On government funding Stephen Byers (2002) stated “Under the last Tory government national debt was increasing dramatically. We were spending more in repayments on the national debt than we were on our school system. What we've been able to do is to cut the national debt as a result we've now got more money which we can spend on a sustained long term basis in essential services”. This is supported by John Hutton's (2002:674W) written answer to Parliament which committed the New Labour government through ‘Concordat’ agreements to increase the role of PFI within the NHS.

“The concordat has encouraged better use of spare capacity in the independent sector, which has allowed national health service patients to be treated more quickly...since November 2000 at least 75,000 patients have been treated in the independent sector, paid for by the NHS...The Department has recently announced a five point plan for expanding the role of non-NHS providers in the NHS, including up to £40 million for NHS-funded operations this winter, a national contract framework between the NHS and the private sector, inviting private companies to build and run diagnostic and treatment centres, dedicating existing private hospitals to NHS work and using overseas providers”.

Critics of this alignment focus on failed PFI/PPP projects, but traditional public sector projects also fail quite often. A National Audit Office Report (2003) examined thirty seven major PFI construction projects contrasting them favourably with earlier public sector projects. 22% of the PFI projects were over-budget, but the NAO had found in similar public sector construction project reviews that 73% of projects were over-budget. There were also equally dramatic improvements in delivery time. HM Treasury (2006) demonstrates the benefits of the PFI method of funding welfare reform. As an increasing number of PFI projects enter their operational phase, evidence shows that PFI is now meeting public service needs across more than 500 operational projects.

HM Treasury (2006) concludes that users are satisfied with the services provided by PFI projects, with 79 per cent of projects reporting that service standards are delivered always or almost always. Public authorities are reporting good overall performance and high levels of satisfaction against the contracted levels of service. Authorities also report that the overall performance of 96 per cent of projects is at least satisfactory, and that in 89 per cent of projects, services are being provided in line with the contract or better while perceptions was also positive.

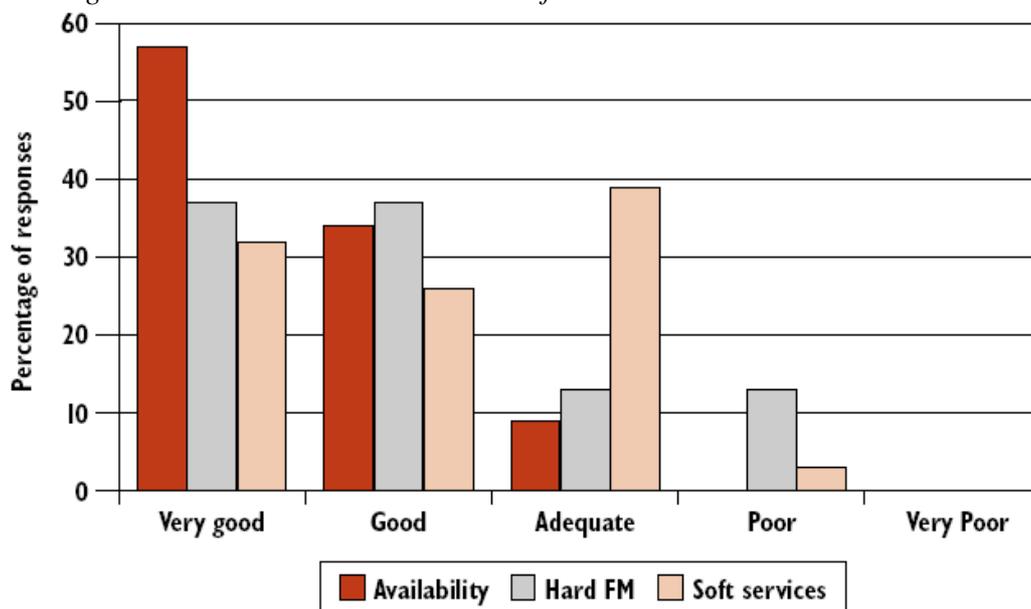
Figure 35 Government perception of the value for money the contract would deliver



Source: Treasury (2006:53)

The services contracted for are appropriate with 83 per cent of projects reporting that their contracts always or almost always accurately specify the services required, with this result getting better the more recent the contract. Finally, the incentive schemes within PFI contracts are working. While payment deductions have been low, reflecting the general levels of high performance, almost all projects report satisfactory levels of service after a deduction has been applied, and 72 per cent report good or very good performance. Indeed, the decision to grant DHL the 10 year contract for ‘soft service’ requirements was predicted in the Treasury (2006) document which highlights that the success of PFI means the government should look to extend their use.

Figure 36 Government standard of service under PFI contract results



Source: Treasury (2006:57)

The drive towards privatization has occurred despite the trade union block vote defeating the Labour leadership on a vote at the 2002 Labour conference, with a motion which called for an independent review of whether PFI is value for money. To date the Labour leadership has ignored this vote, much to the annoyance of the unions. In February 2004 Gordon Brown (quoted www.pppforum.com), set out his ongoing support for PFI as a procurement option: “In my view the Private Finance Initiative is in the public interest. It must be right that government seeks to secure, over the long term, the most cost effective infrastructure for our public services. PFI enables us do this by binding in the private sector into open and accountable long term relationships with the public sector aimed at securing a proper sharing of risk and access to private service managerial expertise and innovative ideas to secure better public services”.

Policy Convergence with Conservatives

New Labour has claimed to have accomplished the transition from Old Labour by being beyond old ideologies, beyond left and right and guided instead by principles of technological and managerial efficiency. Hill (2001:11) notes Blairism, lauded by theorists such as Giddens (1998, 2000) and by neo-liberal think tanks such as the Adam Smith Institute, stifles debate about the ends and purposes of policy, and concentrates instead on more efficient and technologically advanced means.

However, much of New Labour's policy is an acceptance that the Conservatives were on the right track but perhaps failed in their execution. As stated above, New Labour was faced with limited choice, but choices are always available and the New Labour's choices do demonstrate a clear orientation towards 'right' than their traditional 'left' policies. Even Peter Mandelson (2002) an arch New Labour politician accepted that politics in the twenty first century meant accepting some convergence with Thatcherism: "Globalisation punishes hard any country that tries to run its economy by ignoring the realities of the market or prudent public finances. In this strictly narrow sense, and in the urgent need to remove rigidities and incorporate flexibility in capital, product and labour markets, we are all Thatcherites now".

Health Convergence

By 2005 the three main parties had agreed that the NHS should remain a public sector monopoly (with the private sector contributing to its provision). Second, that Labour had been right to increase spending on healthcare to European levels. Third, that the NHS

had been too centralised and that patients should have more choice and be treated as consumers rather than passive recipients. Research, for example by Greener (2003, 2004) outlines this bipartisan approach to increase *choice, responsiveness* and *consumerism*.

Quasi-market principles, as outlined in the health chapter, have been bipartisan since 1944. Accepting Powell's (2003:737-738) 'definitions' for a quasi-market in competition, price competition, direct and internal markets as outlined in his typology tables below, the bipartisanship is evident while also emphasising the importance of the timescale selected. There are differences between New Labour pre-and post 2001 general election with quasi-markets in health. There are remnants of the Conservative quasi-market, with the purchaser/provider split remaining and the possibility of 'contestability' still open. That is, purchasers were able to compare the performance of their providers with others and, if they were dissatisfied, to shift their purchasing as a last resort. Moreover, the new rules concerning the retention of surpluses by PCTs and trusts improve incentives, as do some of the GP-payment reforms. The changes following the budget of 2002 are also firmly in a market-oriented direction.

Table 21 A Typology of Quasi Markets

HARD				SOFT			
Direct		Indirect		Direct		Indirect	
Internal	External	Internal	External	Internal	External	Internal	External
	(CCT) NLII*	Con I		Con II*		NL I	1930s 1944 White Paper

*=trend toward

Source: Powell (2003:737-738)

	<i>1930s</i>	<i>1944 White Paper</i>	<i>Classic NHS</i>	<i>Con I</i>	<i>Con II</i>	<i>NL I</i>	<i>NL II</i>
Competition	+	+	-	++	+	+	++
Price	-	-	-	++	+	-	-
Competition							
Direct	-	-	-	+	++	-	++
Internal	--	--	++	-	-	+	--

+ = conducive to internal market

- = against internal market

Source: Powell (2003:737-738)

	<i>1930s</i>	<i>1944 White Paper</i>	<i>Classic NHS</i>	<i>Con I</i>	<i>Con II</i>	<i>NL I</i>	<i>NL II</i>
Market Structure	-	-	n/a	++	+	-	+
Information	--	+	n/a	+	++	++	++
Transaction costs	++	++	n/a	-	--	+	++
Motivation	--	-	n/a	++	+	-	+
Cream-skimming	-	-	n/a	-	-	+	+

+ = conducive to internal market

- = against internal market

Source: Powell (2003:737-738)

Within Working for Patients (1989), the landmark White Paper under the Conservatives, *choice* makes a strong appearance, appearing in a number of ways, and patients must exercise a 'real choice between GPs (section 7.4), the re-emphasis on the role of the private sector in offering choices to patients. The private sector not only offered a choice for patients, but one that is actually good for the NHS in reducing pressure upon it. In terms of what choices were actually being made, again a range of possibilities appear from 'time or place of treatment' (section 1.12), a 'wider choice of meals' (section 1.13), and specific cases where location will be important, such as long term care for the

elderly. This perhaps represents the clearest example of *consumerism*. From simply choosing their family doctor in 1947, patients are now being offered a range of additional choices that they can make in consultation with their GPs.

Responsiveness was about increasing patient choice an initiative by staff treating patients as customers, but not consumers of health care. The difference between the two is key: patients were not driving reforms through the suggestion that they knew better than clinicians what their needs were, but instead staff in health services were meant to interpret their needs through the use of their expertise, and to respond by giving the appropriate care. Patients were therefore not constituted as active consumers, coming for care with their own agendas and ideas, but instead with generalised needs that the NHS was there to satisfy (Greener 2003).

Under New Labour the White Paper (DH 1997) masks the fact that the internal market was not abolished, despite Labour claims, with the purchaser provider split remaining in place, but in a different guise (Powell 1998). In terms of *choice*, the two main occurrences mentioned are in relation to the difficulty of governmental action in terms of the NHS with talk of 'tough choices facing the NHS' (section 1.24). The second mention moves us back to producer-led choices again, with a discussion of organisational choices. Emphasises are choices available to the new Primary Care Groups, but more significantly, how new budgeting arrangements will 'give GPs the maximum choice about the treatment option that suits individual patients' (section 9.8). This suggests that it is GPs that make choices, but that they must do this on the individual level, finding the

treatment that suits the particular patient, whereas the Conservative model was about mutual decision-making. Labour then, did not appear to regard patient choice as central to their policy, with their organisational model becoming clearer through their experience of responsiveness.

The Conservatives highlighted the idea that choices required a greater availability of information for patients, suggesting that they might make choices more independently of their doctors and, that the partnership of choice of 1989 was gradually making way for a model in which patients make choices for themselves. This suggests not only a more individual model of choice, but a broadening of the choice remit to include choice not only of treatment, but also of lifestyle and that as well as patient choice the NHS had a role to play in public health.

Choice made by the individual was a general health issue, following the publication of 'The Health of the Nation' (1992), a move toward the government's recognition that the NHS needed to play a more active role in public health, but also suggesting that the public needed ultimately to take responsibility for making healthy decisions. New Labour has diversified this through Choosing Health (2004), where the principles were said to be informed choice (with the protection of those too young to choose, and ways of ensuring that one person's choice did not harm others), tailoring proposals to the reality of individual lives, and working together to produce healthier people. This is further confirmed by Flint's (2007:812W) Commons statement on the use of 'Health Trainers' for those who were struggling to reform their actions: "Health trainers focus on enabling

people to change their behaviour in relation to a number of lifestyle factors such as smoking, reducing alcohol intake, physical exercise, healthy eating, all of which would help minimise the risk of cardiovascular disease”

This is clearly a significant move. For much of its history the NHS has focused on the provision of treatment for illness rather than the education of the public to be healthy. Choices about lifestyle and exercise, taken over a number of years, can have profound implications for an individual’s health that might not be apparent whilst the person is, for example, drinking and smoking. If the state is warning individuals that such behaviour is likely to damage health, and the language of ‘tough choices’ facing health services in the future is also becoming increasingly prevalent. It may be that the NHS will increasingly refuse to act as a safety net in future years, if health services become increasingly prioritised. Parliament’s ban on public smoking, guidance and the campaign to make people active have been high profile long-term successes under Tony Blair.

Responsiveness is strongly emphasised in the White Paper (1997). First, there is the continued idea of making the best use of staff to achieve greater responsiveness and that the staff best-placed to respond are those closest to the patient. This is taken rather further, with the suggestion that organisational development techniques and that the “NHS Executive will work with the health service locally to promote the organisational and personal development that must support clinicians and managers as they put these new arrangements in place and respond to the new challenges” (section 10.4). There is also a new and explicit emphasis on accountability, with responsiveness often being

equated not only in terms of its service provision through staff, but with claims that the NHS needs to become ‘more responsive and accountable’ (section 4.19), linking the idea not only to consumerism but also to citizenship.

Burnham’s (2007:673W) written answer to Parliament on Foundation Hospitals clearly indicated that responsiveness was still a core object in the final months of New Labour: “There is a growing body of evidence to suggest that performance and responsiveness has improved across the National Health Service Foundation Trust (NHSFT) sector. Independent case studies and assessments presented by the Foundation Trust Network, Monitor....and the Healthcare Commission....show that operational freedoms are allowing NHSFTs to meet the aspirations of service users by improving services, and in some cases innovating new approaches to patient care more quickly than as an NHS trust”.

New Labour’s first health paper also expresses the move towards *Consumerism* in its statement that “rising public expectations should be channelled into shaping services to make them more responsive to the needs and preferences of the people who use them” (section 3).

This is close to the DoH (1996) Conservative concept of ‘needs and wishes’, but takes the idea even further in claiming that the public have a role, not only in terms of having needs and preferences to be fulfilled, but also that they also have expectations that can be utilised as a pressure for shaping health services. This is not about professionals

responding to needs anymore, but instead about professionals facing patients who have a clear idea of what service it is they want, and making sure that they get it. Patients are moving beyond the customer model of 1989 in which the interpretation of their needs is the responsibility of doctors, to a position where doctors must now act on their 'wishes' or 'preferences'.

This is supported by the research of Bolton (2002:129-139) who discovered that the increasing emphasis on efficiency, cost-cutting and most especially consumer satisfaction has transformed how nurses manage their emotions at work, adding new dimensions to their caring role. Nurses now find themselves having to present the detached, calm, but caring, face of the health professional whilst also having to present a smiling face to patients who now behave as demanding customers. Patients being positioned as fully-formed consumers with clear patient rights was confirmed by Hutton's (2003:650W) answer to Parliament as a government strategy: "Patients need to be able to be confident that every person treating them is qualified to do so. This is a requirement of the regulatory bodies, such as the General Medical Council with whom clinicians have to be registered. If a patient wants specific details, the Code of Practice on Openness in the National Health Service makes it possible for them to receive details of a hospital clinician's qualifications, whilst general practitioners must publish their qualifications in their practice leaflet".

Consumerism is again strengthened in the NHS Plan (2000) where emphasis is placed on the principles that 'patients have the right to choose a GP' (section 10.5) and that of

'treatment at a time and hospital of the patient's choice' (section 10.20) in the situation where their operation has been cancelled and another binding date cannot be offered within 28 days. These form a parallel with the Conservative policy under Major and the Citizens' Charter, which attempted to introduce a series of clearly specified rights for care that would allow patients to know more clearly the standards of service they could expect. In many respects we can view Labour's health policy as a series of pragmatic responses to previous policy initiatives, but they are all based around a particular language, that of consumerism as a means to drive up responsiveness.

Education Convergence

New Labour's ten years in power has seen a whole raft of proposals, which have led, or will lead, to the undermining of the power of Local Education Authorities (LEAs), and the concomitant privatization of educational management and curriculum delivery. The first part clearly follows on from Conservative government reforms, building on the 1988 Education Reform Act, which introduced 'Local Management of Schools' (LMS), giving schools control of their budgets. The second part has been an interesting development, which not many could have predicted and which, although one suspected it was in keeping with Conservative government philosophy, was not something which the Conservatives seemed bold enough to introduce. In this way, again, Labour education policy provides an interesting extension of what has gone before.

Jary (2005) considers the Conservative policy of privatization was extended under New Labour via four main roles under within education: first, as within health care, assisting

in the creation of and provision of schools and facilities to break the inverse services availability where high social class areas have and low social class areas have not; second, in selling of education management services; linking to, third, arguably the most controversial, running of schools and colleges specifically City Academies; and, finally, the role of co-modifying teaching and learning.

Miliband's (2003:209W) statement confirms the high number of the private financial supporters. "Participation of over 1000 businesses across the zone programme, bringing in extra resources, new skills and management expertise to improve the delivery of education; Over £65 million private sector cash and in-kind sponsorship raised by zones". The armed services have also followed suit under New Labour due to declining numbers and increasing need by providing generous grants to attend higher educations against a long term commitment to the service upon graduation. Twigg's (2006:113W) answer to parliament via way of the below table confirms that over £20 million has been spent on further student sponsorship this time by the military services.

Table 24 Student Sponsorship
Financial year Sponsorship Number awarded Total cost (£000)

<i>Naval service</i>			
2002-03	Bursary	58	174
	Cadetship	8	9
2003-04	Bursary	58	631
	Cadetship	7	28
2004-05	Bursary	47	548
	Cadetship	2	19
2005-06	Bursary	36	465
	Cadetship	2	12

<i>Army</i>			
2002-03	Bursary	230	946
	Cadetship	53	1,841
2003-04	Bursary	224	999
	Cadetship	56	2,084
2004-05	Bursary	228	1,070
	Cadetship	50	2,009
2005-06	Bursary	178	907
	Cadetship	57	2,337
<i>RAF</i>			
2002-03	Bursary	289	604
	Cadetship	51	71
2003-04	Bursary	286	653
	Cadetship	55	51
2004-05	Bursary	218	566
	Cadetship	71	50
2005-06	Bursary	210	556
	Cadetship	59	52

Source: Twigg (2006:113W)

The main structures of the Conservative quasi-market are still in place in 2007 within education—parental choice, open enrolment, funding following pupils, school diversity and publication of league tables. Indeed it can be argued that quasi-markets principles are increasingly dominant in the welfare system under New Labour via two interrelated ways: first, through the establishment of quasi-corporate systems in public services, including managerial focus, performance related pay, ‘best value’ frameworks, sub-contracting, sponsorship, ‘rescue’ packages and so on; and secondly, through PFI/PPP initiatives both in England and Scotland made possible by increased marketization opportunities. Devolution has therefore not played the blocking role that many people forecast upon the role of privatization as outlined below.

Jim Knight's (2007:1292W) Commons speech confirms New Labour commitments even in its final months to the quasi-market principles outlined above: "The Government are committed to creating a real choice of excellent schools for parents. We have placed new duties on local authorities to plan school with a view to increasing parental choice and to respond to parents. We have created opportunities for new providers to set up schools through competitions. We have introduced a fairer admissions system, with help for parents to exercise their choices. And we have extended parents' rights to free school transport".

The funding regime under the Labour Government is broadly similar in terms of the funding formula used to distribute funds from LEAs to schools created by the 1988 Education Act, the watershed Conservative policy for education. However, additional funds are now being targeted on the more deprived LEAs and certain incentive structures have been modified to try and ensure more pupil inclusion. It is noteworthy that under one of its initiatives, the DfEE has introduced a system to encourage the retention of pupils in mainstream school. However, rather than being an incentive-based system this is a mixture of an incentive and disincentive system with schools being allocated resources but then having money withdrawn if pupils are excluded.

The Labour Government has not made significant changes to the publication of examination results and, like the Conservative Government before it, has linked the publication of school performance tables (or 'league tables') directly with parental choice. These leave a legacy of accusations of attempting to dodge their commitments to

reform school league tables and improve children's basic literacy and numerical skills. The current league table system means schools are measured on how many pupils achieve the equivalent of five good GCSEs in any subjects they take. Instead from 2005, schools are now judged on the proportion of pupils scoring five A*-C grades at GCSE in subjects that must include English and maths.

In an overall determination of the New Labour government's education ideology, some of the policies analysed and categorised in Hill (1999, 2000a, 2000b, 2001) are more overarching, more influential than are others, summarised below.

Table 25 New Labour's Six Key Education Policies

1. Curriculum continuity and change in both the national curriculum for schools and the national curriculum for initial teacher education ('teacher training')
2. The hierarchicalisation of schooling through marketization and through the spread of selective specialist schools (what New Labour calls 'Modernising' comprehensive education/ 'encouraging selection and diversity')
3. Privatisation/nationalisation (what New Labour calls 'creating new partnerships')
4. The question of 'standards' achieved in school tests
5. The increase in inequalities in terms of racialised social class
6. Reduced public expenditure on education (and on other public services) (what New Labour calls 'increased public expenditure')

Source: Hill (2001:1)

Of the six most important, two might be deemed social democratic (targeted funding at the poorest areas; use of the state in addition to the market to raise standards) and one neo-conservative (the neo-conservative curriculum in schools and teacher education/training). However, in the remaining four policies of privatisation - of Performance Related Pay (PRP), of reliance on grossly socially divisive selective market

in schooling, and in the overall low-level of public expenditure on education - New Labour's education policy is dominated by neo-liberalism.

New Labour policy and discourse on education, on schooling in particular, displays clear far reaching continuities with Thatcherism and neo liberal policies summarised in Hill (2001:10-11) table below.

Table 26 New Labour's acceptance of Neo Conservative Policies

1. The 1997-2001 mantra of 'standards not structures' (i.e. the focus on technical efficiency and school effectiveness and compulsory testing instead of restructuring schools into a comprehensive system)
2. Increasing the focus on 'the basics' in the school curriculum
3. The neo-conservative, utilitarian national curriculum in schooling and in Further Education
4. Lack of locally elected democratic accountability across much of the education system (albeit in a modified form with some extra powers given to LEAs, and an increased number of parent governors on school governing bodies)
5. 'Naming and shaming' of 'errant' LEAs and schools, and the accompanying
6. Closures of 'failing' schools
7. Stressing managerialist solutions to schooling problems as opposed to financial/intake/curricula solutions
8. Restricted financing of education, which despite publicised 'improvements' and targeting met Conservative public expenditure limits 1997-1999, and a planned overall increase which is notably meagre

Source: Hill (2001:10-11)

The major continuities are a regime of low public expenditure, privatisation, and the maintenance of a selective, 'specialist' and exclusionary education system. Yet unlike the rhetoric of Thatcherism, the gloss over New Labour selectiveness is the concern to overcome 'social exclusion', the effort to 'include' the excluded in a system that excludes

at every level. This market system is becoming ever more selective and exclusive. Hill (2001:10) table below supported by Rikowski (2001a, 2001b) research shows that New Labour is actually spreading the frontiers of neo-liberalism in education in its promotion of the business ethic and privatised control over schooling and education with non-acceptance of failure.

Table 27 New Labour's acceptance of Neo Liberal Policies

1. The competitive market in schooling between schools of the same type (albeit with some minor modification)
2. The post 2001 policy of changing the structures of schooling (setting up new types of schools and new types-privatised-ownership of education services)
3. Lack of locally elected democratic accountability across much of the education system (albeit in a modified form with some extra powers given to LEAs, and an increased number of parent governors on school governing bodies, set against examples of increased private control)
4. 'Naming and shaming' of 'errant' LEAs and schools, and the accompanying
5. Closures of 'failing' schools
6. Stressing managerialist solutions to schooling problems as opposed to solutions relating to the level of financing/the nature of the intake/the nature of the curriculum
7. Restricted financing of education, which despite publicised 'improvements' and targeting met Conservative public expenditure limits 1997-199, and a planned overall increase which is notably meagre

Source: Hill (2001:10)

This contrasts with the lack of continuity between New Labour and 'Old' Labour/ social democratic and with Radical Left education policy. While there are numerous examples of traditional social democratic 'big state' interventions, and while there is some targeted socially redistributive expenditure, these have to be set within the larger policy context of low public funding and the maintenance, and extension, of the bulk of the Thatcherite neo-liberal and neo-Conservative restructuring of education.

Was New Labour's approach path dependent?

Working from the definitions laid down by Pierson (2004) the theory has been most strongly applied to New Labour NHS policies by Greener (2002, 2003, 2007). Greener (2003) summarised that the British National Health Service is a path dependent process in that a series of events, the formulation of the principles underpinning the service, and the organisational structures put in place to attempt to achieve them, were not the process of a rational, deliberate series of events.

Instead, he outlines they were largely contingent on the events and personalities of the time of its founding, and the influence each brought upon the negotiating process. Had the Conservatives been elected in 1945, we would have had a very different health service, something that would have also been the case had Bevan not become Health Minister, or had he pursued a different negotiation strategy, or had the medical profession been organised differently, or had the negotiators of the BMA behaved in a different way. The organisational form of the NHS was far from predictable in the wake of the Beveridge Report, or even upon the election of Labour in 1945.

The tripartite health organisation created puts in place organisational barriers to health professionals working across organisational boundaries, especially between health and social services, with which governments still tackle today. To preserve local government, community health services were administered at the local level, often starved of resources, and leading to separate organisational structures for hospital and community services, even when their political boundaries were merged under the 1970s

Department of Health and Social Services. Health and social services workers, even where they perform largely the same role, often have different pay and conditions, and mutual suspicion appears rather more normal than inter-agency working. Equally, the administrative separation of GP services may have been necessary to get the family doctors on board, but has led to mutual suspicion between GP and hospital services, perhaps made worse in some cases by the internal market reforms, and a sense that medical professionals were often working in two separate services rather than in a single unified structure. In protecting their own interests, doctors have often sought to preserve these boundaries, emphasising differences between medical organisation and ability rather than seeking to build bridges.

At the political end, the popularity of the service continues to act as a considerable brake on reform. Any political party knows that reforms of an organisation as complex as the NHS will not only be hugely risky, but take so long that any improvements generated run the risk of being bequeathed to political successors. As such, it is hardly surprising that even the most radical politician of her generation, Thatcher, had to be effectively bullied by her Secretary of State for Health into allowing the internal market reforms. This popularity, along with the lack of an alternative model close to the NHS towards which health organisation might be directed, means that organisational change is often incremental, and effectively vetoed by an entrenched medical profession.

Greener (2003) concludes as such, a series of contingent events led to remarkable policy continuity, not because of an over-arching political consensus, but because of the

organisational, political and ideational path dependencies put in place in the process of creating the service. Only by understanding the nature and implication of these path dependent processes can the reforms the government is presently engaged with work. Sadly, there appears to be little sign of this. Until the Labour government begin to grapple more seriously with the NHS's history, their attempts at reform seem destined to go in the same direction as the others in the service's development, and fall rather short of their designers' hopes.

Limitations of Path Dependency Theory

The theory of Path Dependency has not been universally supported both on an economic and political sphere in particular by Grafte (2004) and Ross (2007) who challenge in particular the terms used by Greener on NHS reforms under New Labour.

Grafte (2004) argues that the mainstream arguments about path dependency are problematic on at least two grounds. First, they have been criticized for largely shutting out any consideration of agency, or at least of agency pushing against institutionalized trajectories. The general point being made is that path dependency arguments are good at capturing the reality of constraint and inertia, but not very good at anticipating and explaining change (Crouch 2001:110). There is a need to provide a better analytical balance between institutional incrementalism and change-oriented actors (Mahon 2001:26).

There is also a need to consider how institutions are not just constraints, but also strategic resources that actors can use in response to new opportunities and challenges (Thelen 2003:213). Giving more space to agency might mean taking up Torfing's (1999:389) interest in studying "path shaping strategies in a path-dependent context." In this view, attention would consider how social forces intervene to re-articulate institutions in order to make new trajectories possible, and how they work to deepen the coherence of new paths, to prevent the old ones from kicking back in (Torfing 1999:389). This is likewise consistent with Crouch's call to consider countries as having a "diversified inheritance of action possibilities." The path analogy must therefore be seen to refer to the handful of plausible routes in a society's action repertoire, and not a narrow, well-signed track "made by a path maker with a strong central power" (Crouch 2001:110-112).

Second, when it comes to agency, the mainstream arguments tend to fall back on the spaces and actors that were important in the past. Reflecting their rooting in variations of Power Resources Theory, they downplay the agency of actors with weak positions within unions or political parties in the remaking of the welfare state (Hobson 1999:150), and indeed ignore important dimensions of welfare related to gender relations (Mahon 2001:27). As is discussed below, other actors such as the women's movement or third sector organizations appear to have growing roles in negotiating the pattern of welfare régime reform (Dobrowolsky et al 2002). While these actors have not been foregrounded in analyses to date, it does not mean that their agency has not had effect (Nagar et al 2002:268-69). Thelen underlines that institutions can provide marginal groups with "unintended opportunities... to exercise leverage well beyond their apparently meagre

power resources” (Thelen 2003:216). Research into the mobilization of such actors also reveals how their advocacy has left a “sedimentation” at the level of identities, political vocabularies and practices (Nelson 2003:561,564). This could be cast as a contribution to “path shaping” that is overlooked by a focus on traditional economic actors.

Ross (2007) notes additional shortcomings of the path dependency thesis within a welfare basis using the NHS as the basis for examples. On a public policy base, Ross (2007) outlines that where ideas, needs and client groups change; it would be truly surprising if institutional development was marked by increasing returns. It would be remarkable, for example, if the 60-year-old NHS, designed in another era with different needs and expectations, did not generate decreasing returns. Even the indicators of institutional returns have changed across the Service's lifespan. As Klein (2001:113) notes “The NHS was born into a working class society only slowly emerging from war, where rationing and queuing were symbols not of inadequacy but of fairness in the distribution of scarce resources”.

Ross's (2007) second challenge against path dependence theory concerns its weak ability to account for change particularly endogenously generated change supported by Peters et al (2005), Crouch and Farrell (2002). Despite being imported from economics into politics in an attempt to infuse historical institutionalism with a source of agency, Schwartz (2002) has suggested path dependence does the precise opposite. Path dependence theory focuses on endogenously induced stability actors' only room for influence is to reproduce exogenously created paths. Although the theory allows for

incremental adaptations, it does not accommodate actors creating path-breaking change of their own volition and doing so would describe a fundamentally different history of institutional development. The pattern of stability and change that path dependence theory seeks to describe and explain would cease to resemble an evolutionary model with clearly defined path beginnings and ends, and would instead become one of incremental and non-incremental adaptation to forces internal and external to the institution. As Schwartz (2002:16) notes, the relevant metaphor would be ecological rather than evolutionary and the generic observation would be one of “history matters” rather than the theoretical statement that path dependence theory seeks to make.

This observation Ross (2007) articulates lies at the heart of Greener's endeavour on NHS. Of course, Greener is by no means alone in attempting to find solutions to the many problems with path dependence theory. In an attempt to salvage path dependence theory, social scientists have broadened their models significantly by changing its assumptions regarding the mechanisms of path maintenance, and by expanding the possibilities for endogenous change (Mahoney 2000). Rejecting a positive feedback model as being too deterministic and inflexible to account for institutional change, Ebbinghaus (2005:2–7) recommends a loose 'branching pathways' and 'open' framework. These adaptations for Ross (2007) have departed from the well-specified, if empirically weak, theory developed in economics, thus changing radically its assumptions about the mechanisms of path creation, replication and change.

Ross (2007) also emphasises that the concept of path dependence asks us to engage seriously with issues of timing and sequencing. Timing is central to path-dependent processes because when events occur, something that is usually unpredictable has decisive consequences for both path production/termination and path reproduction outlined in particular by the work of Pierson (1998, 2000, 2004). Small events that will have little effect in disrupting a path if they occur late in a sequence can have a critical impact if they occur earlier. The right time for events to 'matter' is before paths become institutionalized.

Bevir's (2005) critique of New Labour politics is implacably opposed to the idea that institutional structures can act as a constraint on belief or action. Logically then he rejects the institutionalists' concepts that imply such a role for social structure. Specifically, he dismisses the notion of 'path dependency', often used by historical institutionalists, as unhelpful in suggesting that the past development of institutions might limit, fix or determine what actors within the institution may do in future. For Bevir (2005) any invocation of path-dependency effaces the contingency of social life. However, again one can argue that the institutionalist argument is more nuanced than Bevir (2005) argues. For example, path dependency is often defined in terms of an 'inertial tendency' for institutions or policies to exhibit patterns of continuity or stability. The operative world here is tendency, past policy orientations are not taken to determine future policy, there is scope for a different direction to be taken. However, past legacies mean that there are objective costs and obstacles to taking new path, which agents have to weigh up against the benefits that could be gained. Because the costs are often

prohibitive, one can speak of a tendency to inertia, but this does not mean that agents cannot act differently. The contingency of social life is thus preserved.

This can be illustrated on a welfare basis for example by the Labour Party opposition to the Conservative Government's creation of sponsored City Technology Colleges educations with Jack Straw (1990) stating when Shadow Education Minister "No programme has been such a comprehensive and expensive failure ... [It] is wasteful and wrong, so why does he [the education secretary] not scrap it altogether and immediately save £120m, which could be spent on a crash programme of repairs and improvements, as we have demanded?" He was horrified that the government was spending many times more money on CTC pupils than on state school pupils" (Beckett 2004, 2008:9). However, after being elected New Labour did not reverse the policy indeed increasing it with the creation of privately backed City Academies. Indeed as Beckett (2004) notes "the government's big idea for education turns out to be the same one the Conservatives invented 19 years ago, and abandoned as a failure shortly afterwards. It is even run by the same man: Cyril Taylor, the businessman appointed by the Conservatives in 1986 to create 30 city technology colleges".

This case could be cited as an example of the effects of path-dependency in that the costs of reversing the policy were considered too great to be worthwhile. New Labour's decision was not fixed or determined, they could certainly have chosen to act otherwise, in a manner more consistent with their beliefs on the issue. However, in this case the

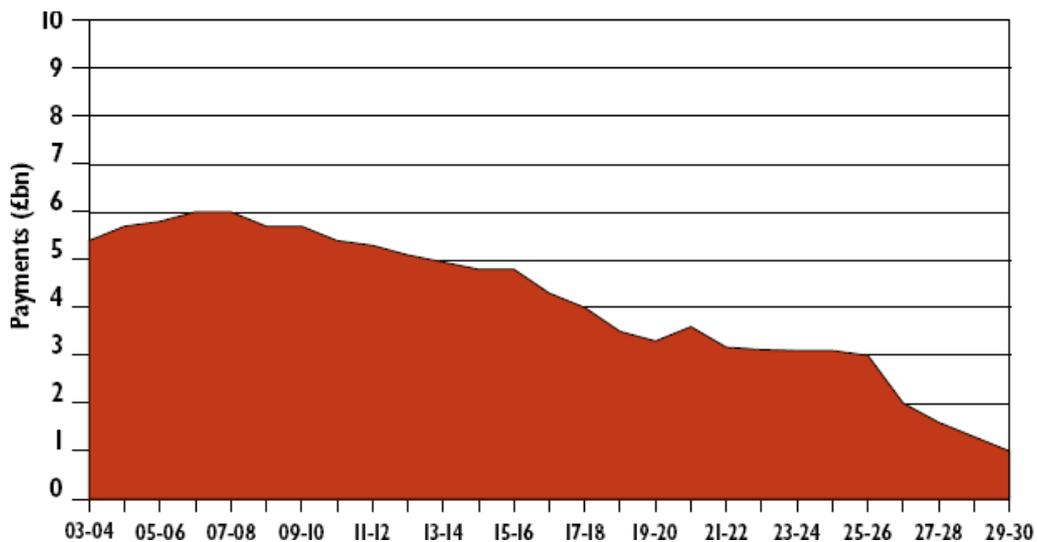
costs were considered too significant, and that spare resources could be invested in other areas.

It is perhaps apt to summarize that despite the problems identified earlier, path dependence theory does re-focus attention away from the power of untamed strategic decisions taken at a single point in time. In that sense, the theory as Ross (2007) addresses is an antidote, to rational choice analysis and behaviourism. It has also generated some counter-intuitive insights that political scientists can take on board in exploring their cases. These are real accomplishments but they do not constitute a theory of institutional development. They are aspects of path dependence theory, but there are also academics who would argue that there are insufficient observations to provide evidence of path dependence.

The significant improvements in the infrastructure of welfare services creating the state of the art hospitals we see today in 2009 have nevertheless come at a heavy price. New Labour has also created a financial headache for the medical services and long term debt for the nation to be paid by future governments.

The configuration of the PFI financial agreements needed to fund the infrastructure changes means that trusts will spend upwards of thirty or forty years minimum trying to pay off the costs, while still not owning the site at the end as outlined in the below figure.

Figure 37 Estimated Payments in Real Terms under signed PFI Contracts



Source: HM Treasury (2006:28)

Sir Gerry Robinson (in Lambert 2007:1), a specialist management guru sent into Rotherham NHS Trust concluded that funding may be high but respect and trust in the NHS is at an all time low:

“If 2006 was the ‘best year ever’ for the NHS, according to Patricia Hewitt – a statement that made millions of us wonder if we inhabited the same universe, let alone planet, as the

Health Secretary – then the start of 2007 hints at this being one of the grimmest. A week into 2007 and hospitals are being told to delay surgery for as long as possible to ease budget problems; a leaked government report is predicting 37,000 health service jobs will be lost as hospitals battle to manage deficits, while also warning of a drastic shortage of doctors and nurses by 2010. Health unions are already muttering about industrial action. And another report, from the Right-wing think tank Reform, claims that despite record levels of investment since 1997, quality of service is poorer than it was two years ago”.

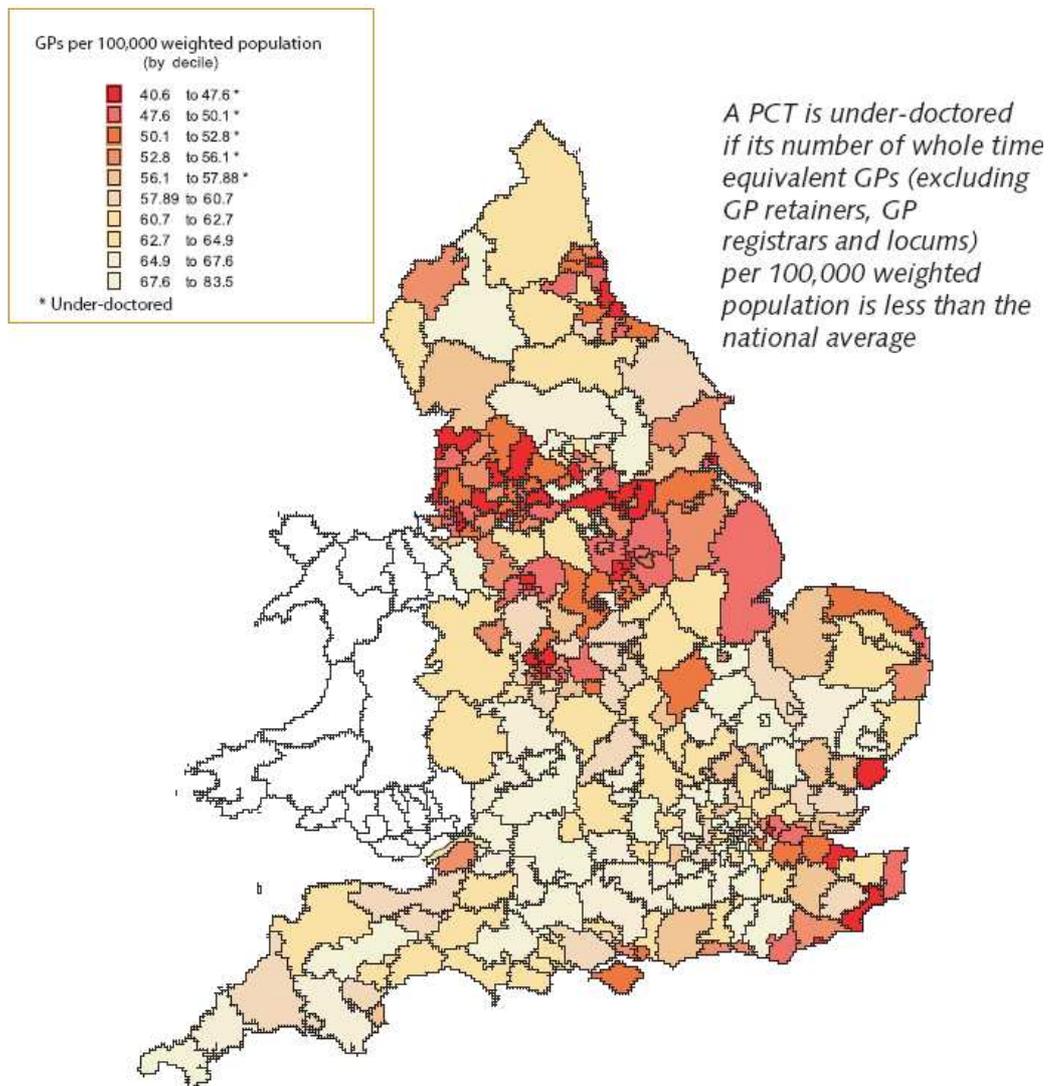
Sir Gerry Robinson (in Lambert 2007:1)

Arguably though, New Labour’s biggest legacy in health must remain its failure to tackle fully Britain’s ‘inverse care laws’ (Tudor Hart 1971 supported by Shaw et al 2005:1018 and Le Grand 2006:3) showing the perverse relationship between the need for health care and its actual utilisation. In other words, those who most need medical care are least likely to receive it. Conversely, those with least need of health care tend to use health services often more (and more effectively).

Indeed it has been argued that New Labour policies have and are increasing the problem. Tudor Hart (2008) giving evidence to the Commons health select committee's health inequalities inquiry, warned that New Labour’s quality and outcomes framework will only serve to increasing the inverse care law. This was supported by National Primary Care Research and Development Centre director Martin Rowland who added that poorer practices tended to lose out under the quality framework. “Practices in richer areas with fewer patients with diseases had more incentive to seek patients at risk because they

tended to be paid more for each QOF point than practices in poorer areas with higher disease rates” His research showed poorer areas not only had few GPs but also lower referral rates to specialists (Gainsbury 2008). This is supported by New Labour 2006 White Paper ‘Our Health, Our Care, Our Say’ which outlined the government acceptance of an imbalanced service across England and an urgent need to address it.

Figure 38 Under-doctored areas across England



Source: Department of Health White Paper ‘Our Health, Our Care, Our Say’ (2006:64)

However, while the progress report in October 2006 discussed demonstration projects, GPs who were trained surgeons operating on hernias in upgraded surgery facilities, specialist nurses from hospital following up women who had been discharged early after mastectomy and GPs with specialist interest seeing outpatients in place of consultants. It concluded that the projects were worthwhile, many required investment in premises or staff training, and did not seem likely to revolutionise health care or save much money. Indeed, within a year the £500 million suggested for a community hospital programme seemed to have disappeared.

These ‘failures’ demonstrate two critical factors of their inheritance which now form their legacy. Firstly, capacity, there is simply a shortage of qualified medical staff whose shortfall requires increased numbers of overseas staff although whose acquisition is proving difficult. This problem is exacerbated by the low level of acute hospital beds compared to the rest of Europe, which drives the need for a ‘concordat’ with the private sector and European countries despite the small size of the private sector in Britain. Moreover, the private sector is staffed mainly by NHS consultants on a self-employed basis, so overusing the private sector which also runs the risk of staff shortages. Finally, the shortage of nursing homes means increasing bed blocking and an inability to take in new cases thereby increasing the waiting lists and creating a climate of need for fast services available in the private sector.

When combined with the financial problems identified in 2005-2007, only exacerbated by the global financial credit crunch, the increasing need to close wards and lay off staff,

any approach to welfare third way is already fighting a losing battle. This outcome was best summarised back in 1999 by Gage and Rickman (1999:18) and subsequently supported by Calman, Hunter and May (2004) article. “Regardless of the system, patients are unlikely to be empowered until administrative restrictions, capacity constraints and information deficits are removed and until GPs have appropriate incentives to internalise information about patient preferences. Whatever their other strengths may be, it is not obvious that PCGs deal with the first three of these issues any better than fundholding, and they may worsen the situation with regards the last one”.

Indeed as we start 2009, evidence is pointing to just how the serious funding problems for PFI hospital plans has become as the private sector withdraws support due to the loss of key private support. Oliver (2009) quotes Graham Eccles, chairman of the South East Coast Strategic Health Authority, which oversees healthcare in Surrey, Kent and Sussex stating: “The bad news is around capital schemes that would have been PFI’s. PFI’s have always been the NHS’s ‘Plan A’; for building new hospitals, especially as they used to be off-balance sheet. There was never a ‘Plan B’. Now none of the banks have any money or are likely to have any for a few years, the absence of a ‘Plan B’ is going to cause a real problem in taking new hospitals to conclusion.

Education: New Labour's Legacy

When considering the legacy within Education, overlaps with health are clear. Improvements to infrastructure have never been bigger since the post-war period backed by record private sector investment funding to cover the costs. New Labour's website (2005) records their success quoting the best ever results at ages 11, 14, 16 and 18 and matched by the presence of 28,000 more teachers than in 1997, assisted in turn by over 105,000 more support staff. The proportion of 18 to 30-year-olds entering higher education has risen from an elite few of around six per cent in the 1960s to 44 per cent in 2004. In addition, the new proposals for higher education will improve access to university for students from all social backgrounds, restore grants, and abolish upfront fees, with over 250,000 people benefiting from Labour's Education Maintenance Allowance. The earn-as-you-learn allowances offer a financial incentive to help combat the culture of 'dropping out' at 16. So why is disillusion with New Labour at such a record high?

As outlined in the education chapter, few other governments in the twentieth century have placed greater priority on education than New Labour's first administration, 1997–2001. On the other hand, the (in) famous slogan 'education, education, education' may yet come to haunt them as suggested by Docking (2000) and Fielding (2001) who examined that bold undertaking. Many of the education reforms introduced by the Conservatives from 1988 onwards, bitterly attacked by the Labour opposition of the time became the backbone of the Blair programme. New Labour adopted all the national curriculum, tests and league tables, financial delegation to schools, and a beefed-up

inspection service. The Specialist Schools programme, following the failure of business to support the City Technology Colleges has now been superseded by the business-backed City Academies.

Middle-class parents are more able than ever to manipulate the system to their advantage as they have 'cultural capital', they know how to impress a headmaster, mount successful appeals, and make multiple applications. Middle-class parents can use their money to gain other advantages in paying for transport to more distant schools, move to areas where there are successful schools and afford extra coaching and childcare. At university level, using Durham as an example this is at its most dramatic, where average student debts will be around £21,000 for an undergraduate and £40,000 for a post-graduate before their extra curricular activities are included (as of 23/1/2007 on www.sosdurham.co.uk). Johnson (2006:4), replying to Blair's letter stated his goals for education, made clear students new and old will have to meet the costs of universities. "The Bill will lead implementation...and take forward work on encouraging endowments and donations to universities. He will also look more broadly at how we strengthen the role students and employers play in shaping what universities offer. Both FE and HE must reform to be quicker to respond to local, regional and national needs in the supply of skills and R & D, while maintaining our strong world position in research and teaching".

The government has preached hard about the dangers of debt in society but has simultaneously produced a generation whose debts are staggering by anyone's standard

and will take almost a lifetime to pay off. Despite this, Ministers have set a target of getting 50% of young people in England into higher education by 2010.

However, whatever the improvement in the diversity and availability of education, or the apparently improved results and infrastructure, or possibly even a fairer admissions, the debt generation is their legacy to society. Only time will tell how many of this generation will clear those debts but Schofield's (2006) research suggests that only 62% of graduates eligible are finding work. Of these, 18.3% were in administrative and secretarial work and 11.1% in sales and customer services with an average salary of £17,000 pre-tax. Those figures point towards spiralling debts and with property ownership out of range in a property-owning culture will create a deep dependence upon the state for pension and security while making early retirement an almost impossible dream. The legacy is already there but its full impact is still to be felt.

However, since this thesis was first submitted twelve months ago, the global credit crunch has emphasised just how fast the debt generation have been caught out to the stage that the government is looking at requiring a 'bail out' of the university graduates programme with a "national internship" to provide state-funded positions for struggling graduates. With the banking sector taking 50% less onto its programmes nationally and no programme available in the North East with the changes at Northern Rock, Attwood (2009) noted the proposals for state-funded graduate internships with a number of major employers were announced finding support from Barclays and Microsoft. Nevertheless,

concerns remain that employers might use internships as a cheap alternative to offering jobs to graduates, thus exacerbating the problem.

CHAPTER 5

THESIS CONCLUSION

PAGES 298-308

Section 1	New Labour creation of a Bipartisan Approach	Pages 299-305
Section 2	The Three Phases of New Labour Welfare Policy	Pages 305-308

CONCLUSION

This thesis examines two central aspects of asset management by central government with special reference to health and education. First, it analyses the nature, structure and procedural legacy inherited by New Labour after eighteen years of Conservative control, and carries this analysis forward to determine the influence that this has on New Labour's policy orientation. Second, with a view to the significance of institutionalist theories, which underline the potential importance of 'path dependency', the thesis seeks to determine what, if any, major policy differences developed with the transition from the Conservative governments of 1979-97 to the New Labour governments of 1997-2007. In the light of the substantive and empirical findings in the thesis, the following represents my conclusions to those questions and how the selection of timescale plays a crucial role in any conclusion reached.

The introduction opened with the line that "1997 was a watershed year in British Politics" and the conclusion will state that 2007 is another watershed year as we said goodbye to Tony Blair and New Labour politics as we know it. Over those ten years much was promised about finding a middle way or 'Third Way' between traditional Old Labour and New Right politics. However, the evidence points strongly to the creation of a compounded bipartisanship approach to welfare based more on the New Right political legacy and values than traditional Old Labour ones. New Labour, while clearly targeting and increasing funding of good welfare, have not renationalised or decreased the role of non-state service providers. Indeed they have taken their inherited legacy to a logically increased position using the principle of 'if you can't beat it join it'. Driver and Martell

(1998:184) conclude in part that New Labour is defined as a political approach, which by following Thatcher, adopts policies that are marked by Thatcherism, thereby breaking with old-style social democracy and accepting many of the shifts to the right engineered by Thatcher.

To that end, this thesis has highlighted New Labour's welfare policies created by its limited options, seeking vote winning policies alongside an acceptance that certain key Tory legacies should not be reversed, while it is possible to point to the possible role of path dependency. Hills (1998), for example, taking the period of Conservative Governments from 1979 to 1997 as a whole, found five themes as central to welfare state politics, specifically introduction of marketization principles, role of privatisation, diversification. Hills (1998) also notes the Conservative governments attempts to control public spending and rising inequality became critical legacies upon New Labour as well as areas of separation in approach from the Tories. Powell (2001) notes that some New Labour advisors such as Gould (1998: 211,238) suggest that New Labour should adopt a mix of left and right policies. For example, many voters are quite happy with policies that are 'right' on crime but 'left' on the NHS.

However, there are two main dimensions where this lack of fit is important when understanding New Labour's legacy. First, at the stage of policy formulation, where it is clear that tensions between principles have not been reconciled. While it is possible that a stress on both rights *and* responsibilities is possible, it is more difficult to comprehend for genuine alternatives such as centralisation and devolution. This is further confused by

different messages: some individuals in some policy sectors stress devolution, others in other areas (and sometimes even within the same sector) stress centralisation. The experience in Scotland and Wales showed that New Labour wanted its devolutionary cake while eating according to a centrally prescribed diet sheet.

Second, at the critical stage of policy implementation, there are perceived to be delivery failures. In spite of the stress on pledge cards and the sense of success according to the Government's Annual Reports, many voters feel that their expectations have not been met. For example, NHS waiting lists *are* down, and the waiting list pledge has roughly been achieved; yet the NHS remains 'in crisis'. Education attainment, investment and government dedication to improving pre-and-post compulsory education is at an all time high yet the system remains deeply unpopular in a perceived failure to deliver equality of opportunity.

In saying that, New Labour generally has a clearly distinctive approach from Old Labour. Some clear trends of policy convergence with the Conservatives can be noted, particularly in the areas of public expenditure, the mixed economy of welfare and welfare-to-work. However, it may be more accurate to use the term 'policy adoption or adaptation', as New Labour realized that in many cases it would be difficult to turn back the clock to 1979. Hall (2003) argues that eighteen years of Thatcherite rule had radically altered the social, economic and political terrain in British society. There was, therefore, a fundamental choice of direction for the incoming government.

One was to offer an alternative radical strategy to Thatcherism, attuned to the shifts that had occurred in the 1970s and 1980s with equal social and political depth, but based on radically different principles. What Thatcherism seemed to have ruled out was another bout of Keynesian welfare-state social democracy. More significantly, Thatcherism had evolved a broad hegemonic basis for its authority, deep philosophical foundations, as well as an effective popular strategy. It was grounded in a radical remodelling of state and economy, and a new neo-liberal 'common sense'. This was not likely to be reversed by a mere rotation of the electoral wheel of fortune. The historic opportunities for the left required imaginative thinking and decisive action in the early stages of taking power, signalling a new direction at a time when securing a 2nd term was of a critical importance to New Labour. The other choice was, of course, to adapt to Thatcherite, neo-liberal terrain. There were plenty of indications that this would be New Labour's preferred direction and so it turned out.

New Labour inherited a welfare landscape clearly not of its making. Its pragmatic response was to accept or modify the reforms that appeared to work, and reject those that did not. Labour has claimed that the third way is a new and distinctive concept that can be mapped out for different policy areas. However, despite some central themes, it is not a coherent concept that can be applied more or less uniformly to different policy sectors. Instead it appears to be all things to all people: a poorly specified, pick and mix strategy, largely defined by what it is not. Neither does it appear to be new: arguably some of its key components such as the centrality of work, education and civil society have their historical roots in the New Poor Law and in the writings of New Liberals, for example

Beveridge. Major's (1999:593) autobiography notes that even the Conservative's underestimated how pragmatic New Labour approach would be "I did not, at the time, appreciate the extent to which he [Blair] would appropriate Conservative language and steal our policies. The attractive candidate was to turn out to be a political kleptomaniac"

Was New Labour 'path dependent'?

The answer to whether New Labour was path dependent lies in the definition of the term used. Without a clear definition, it is possible to mould the evidence to meet the researcher's synopsis, be that for or against. This is supported by Greener (2007) who commented that "The term [path dependency] is often used extremely loosely, and is attached to any process where we can demonstrate that history might be important. It has become a 'faddish term' (Pierson 2004:10) and I share....frustration with the lack of clarity with which it is often used. There are a number of elements to this criticism".

Using the *Continuity, persistence and inertia* definition supported by Pierson (2000a, 2000b, 2000c) outlined in chapter one, evidence of path dependency as this thesis has shown in detail the influence of *policy legacies* (Weir and Skocpol 1985:119) upon New Labour is clear. This has ranged from semi permanent structural, socio-political factors, to preventative costs (which could also be classified as *non-decision making*, Pierson 2000b) of reversing the structures of 1997. Greener (2002, 2003, 2007) presents a detailed case for the British National Health Service being a path dependent process where a series of events, the formulation of the principles underpinning the service, and the organisational structures created policy continuity. Greener (2002, 2003 and 2007)

argues this is not based on an over-arching political consensus, but because of the organisational, political and ideational path dependencies put in place in the process of creating the service are at best complex to change with most being incremental, and effectively vetoed by an entrenched medical profession.

On the other hand, Grafte (2004) argues strongly that the mainstream arguments about path dependency are problematic on at least two grounds. First, path dependency arguments are good at capturing the reality of constraint and inertia, but not very good at anticipating and explaining change (Crouch 2001:110). Second, when it comes to agency, the mainstream arguments tend to fall back on the spaces and actors that were important in the past downplaying the agency of actors with weak positions within unions or political parties in the remaking of the welfare state (Hobson 1999:150). Ross' (2007) dominant charge levelled against path dependence theory concerns its weak ability to account for change particularly endogenously generated change supported by Peters et al (2005), Crouch and Farrell (2002).

This is not to say that the theory despite the challenges is not beneficial in re-focusing attention away from the power of untamed strategic decisions taken at a single point in time. Greener (2000, 2003, 2007) presents a very solid case for path dependency within the health service but there are also academics who could well be correct in arguing that there are insufficient observations to provide evidence of path dependence in enough detail in particular within education.

It would be apt to conclude therefore, that without a universal definition, it is possible to demonstrate evidence for and against path dependency. This thesis has shown clear elements of inheritance and policy legacy upon New Labour policy both in health and education; although whether this is enough to claim 'path dependency' is questionable.

The Three Phases of New Labour Welfare Policy

It is critical to the conclusion reached by this thesis to acknowledge the importance of the comparison timescale chosen. By utilising all the New Labour governments (1997-2007) this period provides the most complete timescale available, allowing New Labour the time, opportunity and practicality to separate from the Conservative inheritance should that have been the Party's long-term strategy.

The time period selected does inevitably influence the conclusions arrived at. As the comparison chapters of health and education have highlighted, New Labour has moved through three phases of welfare policy orientation. Advocators of New Labour welfare phases are Crinson (1998), Atkinson (2000), Schmidt (2001), Lund (2008), with Greener (2004:312) the most developed in analysis and evidence presented devising a table shown on page 173 summarizing the three phases of New Labour's health policies.

The first phase of (1997-2000) was a relatively un-contentious, Fabianism, emphasising predictable continuity for Greener (2004) given New Labour's commitments to Conservative spending plans for two years. Lund (2008:55) argues that because in its first term of office New Labour wished to distance itself from Major's policies, to allow

the public to forget their nature, promising Third Way policies such as GP fundholding were jettisoned. GP fundholding seems to be a model Third Way policy, with the state able to direct resources to practices according to need and patients able to make health care choices under the guidance of their GPs. In opposition, New Labour's main objection to GP fundholding was that a two-tier service had been constructed because not every GP was part of a fundholding practice, but the obvious response to this objection was to ensure that every GP became a fundholder.

The second phase (2000-2002), with its emphasis more on performance and rating systems, began the process of drawing from old health policy ideas; any novelty value came from their combined use and an associated use of defined punishments for Trust organisations that could not comply with the national performance standards. The third moment (2002-2007) has used the language of consumerism in the creation of a new internal market and is not new either. The innovative aspect of the market reforms under New Labour appears to be their attempt to base the choice element of the market around patients rather than doctors, who were meant to drive the internal market of the 1990s. Greener (2004:312) concludes "the discourse of health consumerism, with its persistent recurrence over the last ten years, looks here to stay".

Jary's (2005:644) research devised a table shown on pages 237-8 summarizing the three phases of New Labour's approach to education policy at both pre and post-compulsory education.

Phase One is again emphasised as a period of policy conversion with the Conservative legacy, which can be put down to, as in health, their commitments over finance and lack of time with few options to do anything else. In Phases Two and Three previous emphasises upon 'efficiencies' have diminished and funding has increased. 'New managerialism' and a recourse to management tools, continues, but in response to criticisms the use of these tools has been refined and the 'harder' forms of top-down management counterbalanced by a greater recognition of the importance of working more with the grain of academic subjectivities in pursuing Third Way objectives. Elements of marketization and resource competition, notably in connection with the top-up fees continue, but these represent strategies that reflect what can be seen as a long-standing intractability and genuine dilemmas in education policy exacerbated by global pressures on UK higher education.

New Labour, after ten years in office, enjoyed dominant workable majorities, and a weak, disunited opposition, granting powerful opportunities to complete any policy objectives they wished. Despite three phases of welfare policy the policies implemented over those ten years have done little to dampen suggestions that New Labour has proved to be simply '*Crypto-Conservative*' (Hall and Jacques 1997) or challenge Peter Mandelson's (2002) comment that "we are all Thatcherite now". Some like Greener (2003, 2005, 2007) would argue this could be down to the influence of path dependency but it is perhaps apt to conclude that the welfare consensus is based on a combination of factors of which most reflect New Labour's decision to challenge for centre ground politics instead of its traditional left wing political goals.

Indeed Lund (2008:44) concludes New Labour strategy was to place distance between itself and the unpopular Conservative Party in their 1st term to allowing them in the 2nd term to adopt much of the legacy as their own. “By focusing on Thatcherism versus ‘Old Labourism’, the Third Way discourse has sidelined the modifications made to the application of market forces in social welfare made during Major’s term of office. In so doing, it has allowed New Labour to adopt many of Major’s policies as its own and, starting in 2001, to return to the competitive quasi-markets preferred by Margaret Thatcher”.

The “centre ground” in politics may well be big enough for both the Conservatives and Labour parties but was it not inevitable that, in aiming for the same political space and with the process of structural reform inevitably constrained by considerations of cost, New Labour would create a welfare consensus?

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