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# **Modernisation and the dynamics of welfare governance<sup>1</sup>**

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Abstract: The modernisation of welfare states is high on the agenda of many European nations. The so-called ‘anglo-saxon’ model plays an important, but contradictory, symbolic role, as both a template for reform and as a symbol of the problems of neo-liberal governance. Rather than viewing the UK as an exemplar of neo liberalism, this paper highlights the unstable mix of governance styles at stake in welfare reform. It highlights current trends in the attempt to remake relationships between government and people around new conceptions of citizenship and community and the fostering of new aspirations and opportunities. It then explores the implications for issues of governance around the themes of welfare, work and citizenship. Finally the paper identifies some problems inherent in new discourses of the social – including social inclusion and social investment – that are at the core of welfare state modernisation strategies in the UK and beyond.

Since the defeat of the EU constitution at the hands of the French and Dutch electorate much had been made of the idea that this was produced by resistance to the ‘anglo-saxon model’. This referenced the kinds of economic liberalism represented by the UK’s emphasis on labour market deregulation and welfare state modernisation. It resonated with fears about global competition and the associated influx of foreign workers, presumed to be exacerbating conditions in the ‘old’ European social

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<sup>1</sup> This paper is based on a presentation to the conference ‘Regieren in der Sozialpolitik’, 1<sup>st</sup>-2<sup>nd</sup> July, Giessen, Germany

democracies of France, Germany and Italy. For the purposes of this paper it signalled a deeper debate about the governance of modern states, raising a series of questions: whether it is possible to regulate the market in a way that delivers social justice as well as growth; how to modernise the welfare state without moving towards outright privatisation; how to develop a more flexible workforce without the exploitation of cheap – and often migrant – labour; and how to govern in a way that reconnects citizens with the institutions of government.

What can be learned from the UK experience? Is the so called anglo-saxon model a simple indication of the increasing hegemony of neo-liberalism, or a more unstable mix of different governance modes and styles? In this paper I address this question by trying to disentangle how the modernisation of the welfare state involves an attempt to remake relationships between government and people, and then explore the implications for issues of governance around the themes of welfare, work and citizenship. The paper does not attempt to trace processes of economic and social change; rather my aim is to highlight some of the discourses around which the remaking of governance is being debated and hint at some concerns that arise from the current orthodoxy of welfare state reform.

## **1. Remaking governance<sup>2</sup>**

Governance I define, following Walters (2004), as an ‘order of rule’. This encompasses the kinds of narrative that underpin political science work on governance, in which Kickert et al (1997), Kooiman (2003), Messner (1997), Pierre/Peters (2000), Rhodes (1997) and others trace the implications of the pluralisation of power resulting from the ‘hollowing out’ of the state, the development of networks as a means of coordination, and the increasing emphasis on interactive governance. However the idea of governance as an ‘order of rule’ also denotes important work describing contemporary shifts in the welfare state. The social policy account of the modernisation or transformation of welfare states intersects with the governance narrative described above in that both view change as deriving from or determined by the ‘new realities’ of globalisation and the rise of neo-liberal economic

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pressures. However the impact of globalisation on welfare governance has been widely debated and the arguments of Gough (2000), Clarke (2004) and others suggest that contemporary changes in welfare governance are not simply the results of either pressure from above (where the external pressures of globalisation, mediated through supra-national bodies such as the EU or World Bank, produce new governance strategies) or pressures from below (as a product of changes in citizen capabilities and demands, the individuation of society, more consumerist orientation etc). Rather, these dynamics must be captured as mutually reinforcing processes. Nevertheless the *idea* of globalisation has had a profound impact on the assumptions underpinning welfare reform (Hobson et al. 2002), tending to produce an instrumental approach to welfare.

The discourse of modernisation that underpins the transformation of welfare states draws its legitimacy from a number of narratives about the poverty of ‘old’ ideas for ‘new’ times. Both academic writings and policy texts trace the new global realities in which states must operate, and set out the need to challenge ‘outdated’ assumptions about universal access to social protection schemes or rights based notions of citizenship. But this is not just situated in supposedly ‘external’ forces such as globalisation. Giddens (1998) and others argue that the fabric of societies has been transformed as the old solidarities of class, community, family and nation have been weakened and as people have become more individuated and consumerist, producing new patterns of social risks, needs and demands. These ideas have been readily appropriated in policy texts and political speeches and inform a number of shifts in the public sphere, for example the idea of the ‘worker citizen’ around which gender relations are being reformed and the ‘active’ citizen subject of modernising welfare states.

This means that it is important to trace the delineation of new policy paradigms and the assumptions they make about the changing character of social issues and problems as well as economic imperatives. However these shifting paradigms may contain internal contradictions or lines of tension. The dominant focus in EU policy is on flexible labour markets and competitiveness. But this is overlaid on a subordinate

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<sup>2</sup> These arguments are developed more fully in Newman (2001; 2005).

narrative on work/life balance, parental leave and increased state funding of childcare. The tensions between these different paradigms might be conceptualised as a tension between an ‘efficiency’ oriented approach to state welfare in which the role of the state as a provider is minimised, and a ‘social investment’ approach in which the state acts as an enabler in order to improve the stock of human capital through training and personal development strategies and thus to equip the future workforce for the demands of a globalised economy. Such policies may be in tension with those designed to improve *social* capital through the citizen involvement and community participation strategies.

However it is one thing for policies to set out new conceptions of citizenship and community, responsibilities and relationships. It is another for these to be realised in social action. One way of accomplishing this is through the steering or ‘meta governance’ role of the state as it attempts to coordinate a dispersed array of network and partnership arrangements or deploys its powers to shape new governance practices (Jessop 2002; Kooiman 2003). In terms of welfare governance, coercive policy instruments may be deployed – for example changing the criteria that enable people to claim welfare or work related benefits and access state funded services. However steering or coercive strategies may fail to bring about the cultural shifts that governments desire: that is, the shifts in who people think they are, how they should relate to each other, what they can legitimately expect from the state, and what the state can legitimately expect from them in return. The fostering of new identities, relationships, expectations and aspirations is accomplished – with more or less success – through new technologies of power.

Such an approach displaces, or de-centres, government and/or the state within the analysis by insisting that governing takes place through multiple agencies, relations and practices (Dean 1999; Petersen et al 1999; Rose 1999). Rather than the reduction of government promised by neo-liberal regimes, such changes can be understood as the dispersal of governmental power across new sites of action. Rose (1999) argues that what are termed ‘advanced liberal’ societies construct new forms of governance – or governmentalities – that draw apparently empowered subjects into new fields of power based on autonomy coupled with responsibility. Here governance takes place through a range of strategies and technologies – directed towards what Foucault terms

the 'conduct of conduct' (Foucault 1991). Rather than debating whether the power of the state has been 'hollowed out', the approach directs attention to the kinds of knowledge and power through which social activity is regulated and through which actors – citizens, workers, organisations – are constituted as self-disciplining subjects. It draws attention to the importance of discourse.

## **2. Modernising the welfare state**

Each of these strategies and practices can be traced in the modernisation of welfare states, though the emphasis reflects the particular politico-cultural regime of specific nation states. In Britain the Third Way conception of modernisation was based on an unstable conjunction of neo-liberalism and a concern for social inclusion and social cohesion. This can be described as a 'mixed' mode of governance. But how far does it really combine forms of liberal economics with a social democratic approach to welfare? I want to argue that the Blair/Brown project represents something rather different from either. The fundamental assumption is that unless Britain could reach the standard of performance of its global competitors there is no hope of achieving lasting improvements in well-being. But the aim was not the Thatcherite one of simply rewarding the successful. It operated from a genuine New Labour belief that its programme is one that could advance the interests of all, including those in poverty, single parents, disabled people and the elderly. The assumption was that programmes of redistribution would bring only short term benefits to the poor. Only if people could be helped to help themselves, in particular into the labour market and higher skilled work, could a difference be made. As such it was oriented towards dismantling the settlement on which the social democratic welfare state was based. This involved a number of important attempts to redefine the core assumptions underpinning social democratic governance. As many analyses confirm (Andersen et al 2002; Leibfried/Zürn 2005; Lewis/Surrender 2004; Sykes et al. 2001), such shifts are not restricted to Britain. Across this literature we can trace at least three key discourses that are shaping new assumptions about welfare governance: those of work, welfare and citizenship.

*Work:* Strategies here focused around deregulating the labour market; dismantling the protections for state workers; creating new training and qualification frameworks;

focusing on skills for the future; encouraging the unemployed to enter or re-enter the workforce through job creation programmes and various forms of incentives and coercive measures (Andersen et al 2002). Work is viewed as the primary route to social inclusion: women, lone parents, the disabled are all expected to conform to a new 'adult worker' model of citizenship (Knijn/Ostner 2002; Lister 2003). In Britain work and pensions were tied together in the same ministry and there was a new emphasis on encouraging the elderly to remain in work or to take up new forms of employment after formal retirement age, as well as encouraging younger workers to take responsibility for saving and investment to meet their future pension needs.

*Welfare:* Strategies here include dismantling conceptions of universalism and a move towards targeting of services, especially on children (Lister 2004). There has been a new focus on the creation of opportunity and choice rather than relying on redistribution through taxation, and more reliance on individuals, families and civil society organisations to meet welfare needs (Clarke 2004). In Britain policies have attempted to shift the costs of social care, higher education, and pensions onto the individual and families (Powell 2002) though all remain public services. In the delivery of welfare we can see an introduction of a new ethos of consumerism and choice in order to enhance the flexibility and legitimacy of public services (Clarke/Newman, forthcoming).

*Citizenship:* The above strategies all depend on a redefinition of citizenship as based on responsibilities as well as rights (Clarke and Newman 2004). There has been an attempt to rebind citizens into society through social inclusion and responsabilisation strategies, with an emphasis on community cohesion and the building of community capacity (Dwyer 2004). There has been a new focus on active citizenship: both labour market activation and community activation (Johansson and Hvinden 2005). And we can trace the emergence of more coercive policing of the borders of nationhood through asylum and migration policies alongside a shift towards 'one nation' rather than multicultural politics (Home Office 2005).

Across these themes – work, welfare and citizenship – the tensions between neo-liberalism and a concern for social inclusion and social justice are resolved (but only

in part) through the discourse of social investment, displacing the conception of the social democratic welfare state. Lister (2004) argues that this can be understood both as a normative ideal (in which children and families stand as emblems of a future prosperous and inclusive society) and as a pragmatic response to the perceived economic and social challenges facing mature welfare states in the face of economic globalisation. The key features of the social investment state are:

- a discourse of social investment in human and social capital in place of tax and spend: for example the focus on skills, training and New Deal programmes, in which citizens are expected to exercise their responsibility to engage in paid work in exchange for the opportunities provided by government;
- children prioritised as the citizen-workers of the future: for example in the commitment to abolish child poverty, and new forms of provision (Sure Start; Children's Centres; children's tax credits) all coordinated through a national childcare strategy and a new Minister for Women;
- redistribution of opportunity to promote social inclusion rather than of income to promote equality. Policies here include those of the Social Inclusion Unit (e.g. in relation to rough sleepers, teenage pregnancy and other groups) and those linked to the National Strategy for Neighbourhood Renewal;
- adaptation of individuals and society to enhance global competitiveness and prosper in the knowledge economy. This includes a measure of 'cultural governance' to shift attitudes, ideas and expectations, and the belief in a modern form of welfare based on empowerment not dependence;
- a preference for targeted, often means tested, programmes: for example the means tested working tax credit;
- integration of economic and social policy, with a more instrumental social policy tied more closely to the achievement of economic goals of workforce flexibility and global competitiveness.

The Social Investment State is itself a site of ambiguity and contradiction. Not all of the ‘investments’ are of the same order, encompassing a range of coercive as well as enabling strategies, and combining apparently ‘progressive’ goals (on supporting children and families, on preventing ill health and promoting community well-being) with the goal of reducing both present and future costs to the welfare state. Investment itself takes on a number of different meanings. The predominant one is perhaps the focus on children in Labour’s policies, symbolised in its commitment to eradicate child poverty but also embodied in specific policies designed to support ‘children and families’ through initiatives such as the Sure Start programme or Children's Fund. Here there is a sense of investing in ‘the future’. A second meaning of investment is to be found in the focus on education as a means of equipping citizens with the skills required for the UK to compete successfully in the global economy. This again has multiple goals, seeking both to raise educational levels across the whole population and also to focus on certain categories of people who have traditionally been a cost on the welfare state (the long term unemployed, those with disabilities, fit older people) in order to enable them to re-enter the workforce. A third meaning of investment is concerned with capacity building. This has a more explicitly cultural inflection and can be traced in policy documents on social exclusion, urban regeneration and community cohesion: for example Strength in Diversity, a recent Home Office consultation document on community cohesion and race equality, notes that “[a]cross Government and public services, civil renewal is taken forward through promoting and supporting active citizenship, *investing in capacity building* to strengthen communities and involving local people in improving the planning and delivery of public services” (Home Office 2004: 19, para 5.11; my emphasis).

The reforms to social welfare, then do not imply a simple turn to the market for the supply of health, security, social care and other welfare goods, but a mix of strategies including publicising the personal – bringing questions of identity into the public domain – and opening up more of the private to new forms and fields of power.

And the turn to the social investment state opens up new patterns of inequality. Strategies to address social exclusion through work may be effective in addressing some forms of inequality but these take place in the context of a wider set of reforms

that deepen labour market inequalities. Policies on the modernisation of welfare governance – involving significant shifts of functions and services from the public sector to the private sector or personal domains – have a very significant impact on the dynamics of labour markets, opening up new forms of commodification in the form of marginal and vulnerable – often migrant – workers in low paid work. For example, recent years have seen an enormous expansion in the service sector – characterised by part time, insecure employment and low rates of pay – and a sharp reduction in the kinds of public sector jobs traditionally staffed by women. The social care field is seeing work move out of the public sector and into highly exploitative and low paid work in agencies with whom the state now contracts to deliver services.

This new ‘welfare mix’ (Daly 2003), involving a shift from collective provision to individualised, personalised services, and payment to families to subsidise their care costs rather than the provision of state care, is viewed as having a positive impact on the wider economy by promoting new business opportunities. And of course such opportunities provide yet further expansion of part time, low paid female employment. As Mahon (2001) notes, states have been active in supporting the growth of employment in the service sector, thus opening up greater consumption of personal and care services. However this growth of personal and social care services tends to produce greater – and gendered and classed – inequalities since the workforce is likely to be lower paid and more vulnerable to short term shifts in the economy. Indeed Esping-Andersen saw it as inevitable that the growth of employment in the personal and social services could only take place at the expense of increased inequality because of the productivity gap between goods producing and service sectors. And this is likely to impact on women since such jobs typically represent “a marketised version of conventional domestic tasks” (Esping-Andersen 1999: 104).

And the processes of marketising domestic and care work produces new chains of interdependencies that flow across national borders, especially between Europe and its former colonies or between Northern and Southern nations. The capacity of many women in western and northern Europe to pursue a career is dependent on migrant and other poor women’s labour in the marginal economy of commodified care services. These are unlikely to have access to the benefits afforded to those in the mainstream labour force, including access to periods of decommodification in relation

to sickness, holidays, the birth and care of their own children and indeed retirement. The result is “new cleavages, not only between women and men, but also between women workers in the rapidly emerging globalised post-industrial (service) societies” (Knijn and Ostner 2002: 163)

### **3. What are the implications for governance?**

By governance, I refer not to the content of policies but changing orders of rule: the ways in which power is being reconfigured both within and beyond the state. Under the Thatcher governments the predominant governance shift involved the turn to the market for the supply of previously public goods, and the slimming down of the machinery of government itself. This produced a dispersal of state power, not necessarily its reduction. State power was exercised indirectly through a multiplicity of contracts, not only with private sector and civil society organisations, but also new kinds of performance contracts with public bodies that had been detached from government itself. This ‘managerial state’ (Clarke and Newman 1997) was characterised by a double process: a dispersal and delegation of power across a fragmented field of action, alongside the development of new rationalities – business efficiency, competitive survival and success – through which activity was coordinated.

Under New Labour the managerial language of goals and targets, performance and delivery, survival and success, has entered politics itself where it has become central to the government’s strategies of modernisation. Yet New Labour’s Third Way draws on a range of different forms of governance, not all of which are compatible. In 2001 I traced the dominant logics as those of: hierarchical governance; managerial governance; network governance; and self governance. Where are we now?

*Hierarchical governance:* the intensification of direct control from the centre, through, for example, the extension of audit and inspection regimes or more coercive welfare and work strategies.

*Managerial/market governance:* not only the continuation of privatisation but also new ways of driving up performance – the Best Value regime, Targets, Public Service

Agreements – and the practice of setting public sector organisations – for example schools or hospitals – in competition with each other through league tables of performance and ‘star rating’ schemes. In recent years the discourse of a ‘new localism’ has involved further dispersal of powers, with Foundation Hospitals and Academy Schools becoming further detached from the state and the wider public sphere. This is accompanied by a new emphasis on consumerism and choice in the delivery of public services.

*Network governance*: the focus on collaboration and partnership in order to deliver longer term policy outcomes where success could not be achieved through single agency policies: for example social inclusion and neighbourhood renewal. The 2001 and 2005 Labour governments have also placed an increasing emphasis on drawing communities and citizens into new collaborative relationships in the process of both shaping and delivering policy, and in the management of local schools, hospitals and neighbourhoods.

*Self governance*: enabling and support strategies complementing the delegation of (some) powers to communities or individuals to solve their own problems or take responsibility for their own well-being. Recently there has been a shift to more emphasis on changing people’s own orientations – helping them to manage themselves and their communities – through new discourses of respect, health and well being, as well as continuing emphasis on the responsibility of individuals to take advantage of the opportunities offered by government for self development and job creation.

#### **4. Key issues**

A range of commentators on New Labour have critiqued the discourses and practices informing its approach to the modernisation of welfare governance (Bevir 2005; Clarke 2004; Clarke/Newman 2004; Lewis/Surrender 2004; Newman 2005; Powell 2002). From this literature I want to pull out five themes that highlight some of the tensions and contradictions inherent in New Labour’s approach:

- enabling or coercive governance?

- state and market, public and private
- relationships between governments and peoples
- tensions between centralisation and decentralisation
- questions of coherence and capacity

#### 4.1 *Enabling or coercive welfare governance?*

Modernisation encompasses a number of strategies for engaging the public in taking responsibility for their own care and welfare. Welfare becomes an agent for moral regeneration strongly linked to New Labour's communitarian, Christian and paternalistic strands of ideology. "In this model the state does not act upon society: it does not provide a service. Instead the state creates a platform or environment in which people take decisions about their lives in a different way" (Leadbetter 2004: 16). This implies a shift in the role of the state from (paternalistic) provider to (participative) enabler, with consequent reductions — it is hoped — in demands on the state for welfare. What is at stake here is a new regime of the self characterised by autonomy, responsibility, self-sufficiency and independence. The self that is called into being in strategies of publicising the personal is an active self. The process of 'activation' is based on government working in partnership with citizens to involve them in the management of their own capacities and development of their own powers through work, education and community involvement. Taking responsibility for one's own health, the behaviour of one's children and the safety of the community in which one lives are each markers of the self-actualising, responsible citizen. As such citizenship becomes a capacity rather than a possession: "Citizenship is as much a capacity to act in relation to the particular circumstances of one's environment, as well as in relation to others, as it is a 'right' conferred by the state... This transformation from citizenship as possession to citizenship as capacity is embodied in the image of the active and entrepreneurial citizen who seeks to maximise his or her lifestyle through acts of choice" (Brodie 2002: 99).

But this takes place alongside a new forms of conditionality – for example the link between access to social housing and the control of antisocial behaviour, or the drive for community safety linked to a strengthening of the criminal justice system. Work is

one of the primary areas in which new strategies for governing the private have taken effect, with Welfare to Work programmes targeted at the young unemployed, the long term unemployed, lone mothers, the disabled. It is here that the idea of the social investment state takes a material form, with a shift from conception of the state as a source of welfare provision to one in which it takes a lead role in the provision – or at least the commissioning – of training and work opportunities. In return it expects citizens to take up those opportunities and contribute to both their own and society's well being. This mix of coercive and enabling strategies raises broader questions about the effectiveness as well as the ethics of the turn towards 'cultural' governance. It also raises the issue of who is being targeted for which form of strategy? Is it the middle classes who are 'enabled' while more coercive measures are applied to those in poverty or on the margins of society? This is a seductive idea, but one that does not always fit with the evidence (see for example Johannson/Hvinden 2005)

#### 4.2 *State and market, public and private*

A key tenet of the Third Way is 'what counts is what works': it is delivery that matters, not the means – state, market or civil society – through which policy or services are delivered. This assumption is clearly one that opens up the state to more and more extensive processes of marketisation, a process which residualises the public in its instantiation in a public sector. However I want to argue that in New Labour's struggle for legitimacy – in what Steinberg and Johnson (2004) term its 'war of persuasion' – the *appearance* of publicness is crucial. This takes different forms in different services and has contradictory effects. In health the idea of the NHS as a public institution is critical to Labour's political platform; however it is in health that the ethos of consumerism has perhaps been most extensively applied, with commercial treatment centres enabling health authorities to offer their 'customers' shorter waiting times and some (albeit highly constrained) 'choice' of provider. In education the use of PFI to build new schools has gone relatively unmarked, while the issue of commercial sponsorship of books, computers and other resources has been hotly contested (but not by government). At the same time the rise in MRSA infection rates in hospitals, and the quality of school meals, have been deemed public matters that require government intervention. However the privatisation of cleaning and catering services under the Tories that, arguably, lie at the root of each problem failed

to be put on the public or political agenda. What we can see is the residualisation of the public in its institutional embodiment in the state taking place at the same time as its augmentation in political discourse.

To understand these contradictions we need to distinguish between different kinds of relationships between the public and the state, private business and the market. “If they are all lumped together and the term ‘privatisation’ used to inspire loathing, rather than understanding, the effect will be to close debate that needs to be stimulated” (Martin 2004: 25-26). Rather than a single logic – privatisation – the residualisation of the public rests on multiple logics in complex remaking of forms and relationships of power. However their very multiplicity and complexity – contracts interwoven inside contracts, multiple forms of partnership, the explosion of regulatory and audit bodies, and more recently the turn to new collaborative relationships with citizens themselves – serves to mask where the publicness of public services or the public interest is now to be found. The turn to public/private partnerships, contracting and network forms of coordination obscures the boundary between state, market and civil society, making it more difficult to debate and contest what is and is not a public matter. The advantages of network styles of governance are many. They tend to be more successful in delivering policy outcomes, by enabling actors to work across boundaries and by drawing many stakeholders into the process. They deal with complexity more readily than do forms of governance based on formal authority and hierarchy. And they are oriented towards the achievement of consensus rather than being based on adversarial politics. Yet they have important consequences for our understanding of the public sphere, and for the possibility of remaking relationships between governments and peoples.

#### *4.3 Relationships between governments and peoples*

It is not my intention here to re-iterate the vast commentary that has opened up since the rejection of the EU constitution on the ‘democratic deficit’ at the heart of Europe. Nevertheless Europe and its institutions symbolise the much vaunted shift to ‘network’ styles of governance in which governing takes place through processes of influence and persuasion, in which stakeholders are closely involved in developing policy, and in which partnership approaches underpin almost every new initiative. Yet

the disadvantages are that it is not clear where power actually lies, making it difficult for citizens – and indeed many policy actors – to understand what is going on. That is, network governance, while appearing to be more open and consensual, seems to exacerbate the distinction between ‘insiders’ and ‘outsiders’ in the process of governance.

In the UK there is a profound tension between efforts to renew representative democracy in order to rebuild trust between government and people and a range of initiatives designed to foster civic participation. As the institutions of local government, the Trades Unions and political parties have been weakened by the centralisation of power and the deliberate erosion of the institutions of the traditional left, so government has sought to introduce new ways of connecting with citizens. These encompass a vast range of developments: the involvement of stakeholders in the policy process, the devolution of power to neighbourhoods, experiments in the use of e-democracy, user involvement in decisions about services, and so on. Participative governance is also viewed as a strategy to address social exclusion, expanding the possibilities for state-citizen interaction into informal arenas, thus helping to broaden the base of participation by reaching so called ‘hard to reach groups’.

The increasing emphasis on public participation suggests how individuals and communities are being constituted as partners and collaborators in the process of governing. This opens them up to new forms of governmental power, but also raises the possibilities of new forms of claims making – by individuals, by user movements, and by agencies speaking in the name of the consumer. This dynamic is important – I am committed to approaches that attempt to capture and work with the contradictory logics of regimes of power, rather than assuming that subjects are necessarily simply subjected to new governmental strategies. But it raises questions about the kinds of social and political imaginaries being produced through the governmental practices associated with the remaking of publics. Such questions are key in the context of the increasing focus on service specific, community or project based patterns of public engagement. Formerly, the social democratic state embodied hierarchical relationships between government and people based on liberal notions of citizenship inscribed in the nation state. This suggested an open relationship that offers a seemingly broad imaginary of belongingness – albeit one circumscribed by who is

inside, who is outside and who is marginal to the collective imaginaries of national citizenship. Nowadays, the remaking of publics in participative, consumerist and community locales serves to recast the public sphere as a series of horizontal spaces (Walters 2002). This involves a dialectical process – not only a governmentality of community but also what Wendy Larner terms the communitisation of government. Such a process serves to displace the possibility of general or universal justice or equality claims.

#### 5.4 *Tensions between centralisation and de-centralisation*

In the UK modernisation has produced a paradox. On the one hand, as it has been widely claimed, New Labour is a highly centralising government. The core executive has grown massively in its power and reach at the expense of the individual ministries and even of parliament itself. Central government has become more powerful in relation to the institutions of local government, with local government becoming more of an instrument for the delivery of centrally generated policies; the accountability of local authorities to their local electorate has, as a result, been significantly weakened. In exchange the modernisation of local government has been based on new performance regimes, in which the results of inspection and audit processes are publicised to the local electorate.

Alongside this process of centralisation, however, there has developed an apparent decentralisation of power. This takes at least two different forms. The first is the creation of new forms of devolved institution (Primary Care Trusts, Foundation Hospitals, local Academy schools) in which local citizens and service users are elected to serve on the management boards. While it is still too early to say how effective this has been, challenging questions about the representativeness and accountability of lay members to the wider public have already been raised. The second form of decentralisation has been a focus on the ‘neighbourhood’ as a new unit of governance across Labour’s policy agenda, but especially in relation to social exclusion and neighbourhood renewal strategies. But as argued in a recent speech by Tom Bentley, the Director of the influential think-tank Demos, the challenges of recasting democracy down to neighbourhood level have barely been addressed (*The Guardian* 31.5.2005: 7). Neighbourhood governance conflicts considerably with what

Bentley terms the ‘strong leader myth’ that pervades the political culture of the UK, a myth underpinning, for example, Labour’s commitment to elected mayors as a means of driving through change in the context of profound mistrust between central and local government.

#### 4.5 *Coherence and capacity*

The contradictions faced by states attempting to combine neo-liberal and more social governance strategies are increasingly being displaced onto those managing public services. This means that public services exist in a field of tensions in which different governance models – of the relationship between state and society, of the role of the market, of the policy process, of the task of public management – intersect, producing an unstable field of power. In *Modernising Governance* (2001) I argued that those delivering policy occupied a field of tensions: between top down, hierarchical control and local devolution; between joined up working to deliver long term outcomes and meeting shorter term targets; between capacity building and competition, and so on. Some policy leaning has taken place since then and there is now more government awareness of the problems produced by the proliferation of targets and attempts to develop more integrated inspection and audit regimes. But there is still some way to go, and practitioners continue to bewail the impossible dilemmas they face as they attempt to navigate an increasingly volatile and heterogeneous field of action. And new dilemmas are emerging. The recently completed search project – *Creating citizen-consumers: changing relationships and identifications*<sup>3</sup> – suggests, among other things, that the discourses of consumerism and choice sit uneasily with more professional concerns about need and equity.

However the decisions about how to reconcile these different imperatives, rather than being resolved in the political sphere, have now been devolved to individual organisations and those who work in them. While sympathetic to the ideas of empowering patients and service users, meeting government targets on the introduction of new mechanisms for choice is viewed as undermining the capacity of the system as a whole to meet present and future needs as well as raising dilemmas of

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<sup>3</sup> See [www.open.ac.uk/creatingcitizenconsumers](http://www.open.ac.uk/creatingcitizenconsumers).

resource allocation for individual organisations. At the same time the emphasis on devolving more responsibilities and power to localised organisations and to individual neighbourhoods is producing a more fluid, sporadic and dispersed – but also in some cases more creative – field of action. The proliferation of contracts and complex forms of public/private partnerships, alongside new forms of competition between organisations, may have avoided outright privatisations but it has introduced more dynamic – and also more precarious – relationships between state, market and civil society organisations, with new possibilities of both organisational and governance failure.

## **5. Conclusion**

The previous section raised a series of concerns about the current pattern of welfare governance in Britain – concerns raised from my own standpoint as a commentator on the New Labour government (see for example Clarke/Newman 2004; Newman 2006). However, although a critic of many of the implications of New Labour's policies and strategies, I think that it has been largely successful in moving beyond social democracy while not adopting wholesale a shift to a US model of residualised welfare. But as I have indicated, it has done so by basing its modernisation process more strongly around a social investment model. This offers a limited and constrained conception of the social, more fitted to the exigencies of neo-liberalism in that it constitutes a particular concept of the kind of society to be produced through governmental strategies. My studies of New Labour's modernisation agenda suggest a displacement of the 'public' with the language of the social: social investment, social capital, social inclusion and so on. In each the social is collapsed into the economic in a way that marginalises and residualises the public. It is a process whereby public investment – in infrastructure, transport, and public facilities such as libraries – is increasingly subordinated to a focus on social investment; that is, investment in the capacity of future citizens to flourish in globalised economy. Indeed the public tends to be associated with old fashioned imagery of welfare state. The tension between individual and collective identifications is acknowledged, but the collective is one that remains constrained by the dominant discourse of community (e.g. Jowell 2005).

The social is constituted through policy discourse in ways that clearly demarcates it from both the 'old' social of the social democratic state and the politics of the 'new' social movements (feminism, anti-racist struggles, disability rights campaigns, user movements and so on). The focus on children and social investment displaces the gender politics of the women's movement (Lister 2004). The emphases on social inclusion, community cohesion and a weak form of multi-culturalism selectively co-opts the equality struggles of the 20<sup>th</sup> century and at the same time strips them of their legitimacy. The social investment state, then, can be viewed as a continuation of the neo-liberal governance not a departure from it. Like the Third Way from which it derives, it is itself riddled with ambiguities and tensions. As such, as Lister notes, "analysts and activists need to remain alert to complexities and possible inconsistencies within [...] specific policy configurations" (Lister 2004: 15). These complexities and inconsistencies are played out not only in struggles around the formation of policy but also in the multiple organisations and sites in which policy is enacted in the dynamic and contradictory relationships of 'mixed' modes of governance.

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