

The recent leaks suggest that, given a further term of office, the Tories will seek the dismemberment of the welfare state.

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Welfare State: the Second Front opens



Operating theatre at the new BUPA hospital at Pentwyn in Cardiff.

What has happened to welfare provision since Thatcher came to power in 1979? More importantly, what might happen if as seems very possible, the Conservatives gain a clear majority at the next general election? It is easy to ascertain — from recently 'leaked' reports — what they would like to do, but what are the political and practical constraints on any complete, and irreversible, break with the postwar welfare consensus?

A genuine ideological break?

No-one can now seriously deny that whatever else Thatcherism represents it embodies a genuine *ideological* break with the social democratic postwar consensus. Indeed, the major strength of the British New Right has, without doubt, been its sweeping ideological gains. Its ability to capitalise on the genuine anxieties of working class experience, and translate such fears into a loathing of unresponsive and anti-democratic 'socialist' bureaucracies. Rhetorically, Thatcherism appears to have been a spectacular success.

The Conservative manifesto of 1979 paid little attention to social policies. Much greater priority was afforded to solving Britain's poor economic performance. If the economy could be set to right there would be little need to provide for 'social' needs, other than for the genuinely incapacitated. After all, Britain's economic decline had precisely come about because too few people were dependent on an inefficient interventionist state and too few people were engaged in directly productive work. Where 'social concerns' were referred to a number of distinct themes emerged, in particular, the desire to remove the cushioned over-dependency bred by the social democratic state, and untap the supposed rich veins of personal welfare to be found in the family and voluntary sector. As Thatcher argued in a speech to the 1979 Conservative Party Conference:

'... it is time to change the approach from what governments can do for people and to what people can do for themselves: time to shake off the self-doubt induced by decades of dependence on the state.'

Pursuance of hard work and the Victorian values of honesty, thrift and reliability would allow people to rid themselves of poverty, unemployment and poor housing. Some ills would, of course, still linger, but these were endemic in the human condition and no government could alter that! As the Conservative manifesto promised in 1979: 'We want to work with the grain of human nature, helping people to help themselves — and others. This is the way to restore that self-reliance and self-confidence which

are the basis of personal responsibility and national success.'

The success of these arguments, particularly when fed by Falklands bravado, has been genuinely stunning. Even the reappearance of mass unemployment seems to have done little to dampen their persuasive powers. Research in 1977 showed that six out of ten people genuinely believed social security benefits were too generous and too easy to get, and twice as many thought too much was spent on welfare as opposed to too little. This rhetoric has been so powerful that it is difficult not to agree with Peter Golding that 'it has enough purchase on people's experience to provide them with a common-sense meaning to which no plausible alternative is apparently on offer.'¹

Rhetoric into real policies?

Thatcher's first term of office has seemingly witnessed a deep entrenchment of these beliefs. But it is one thing to win largely rhetorical arguments with ringing appeals to individualism, minimal state intervention and an efficient economy, it is quite another to translate that rhetoric into practicable, realistic policies still capable of maintaining large scale popular support. In June 1980, Friedrich Von Hayek, a leading conservative theoretician, wrote a letter to *The Times*. His argument was that if the conservative government was to destroy the hold of the social democratic consensus in realpolitik terms it had to accomplish two key tasks. First, it had to pursue a determined attack on trade union power up to and including abolishing all the legal immunities granted to the unions this century. As John Kelly pointed out in a recent issue of this magazine,² there is a real danger that such a goal could be realised, given another five year term. Second, a drastic reduction had to take place in public expenditure. This patently has not, as yet, happened. Between 1979-80 and 1984-85, public expenditure will have risen from £77 billion to £126 billion, and social expenditure will have increased from £43 billion to nearly £65 billion, despite large cuts in certain social services. Meanwhile, partly as a consequence, the Public Sector Borrowing Requirement has stubbornly refused to fall despite the fact that since the Tories took office all except the very highest paid — those with more than 5 times average earnings (ie, over £800 a week) — have faced a steadily rising tax burden.

THATCHER'S ACHIEVEMENTS SO FAR

In selectively assessing Thatcher's achievements in welfare matters so far, it is

instructive to draw a simple distinction between quantitative and qualitative changes. The former can be seen as general responses to the recession which would almost certainly have been pursued by a Labour administration under Callaghan or Foot. The latter involve shifts in social policy designed to accommodate the New

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Right's ideological emphasis on self-reliance, individualism and family responsibility. Whilst some quantitative changes have almost certainly been pursued more vigorously than under Labour, our concern must be more with evidence of *qualitative* change if we are to glean effective clues as to the radical Right's longer term goals. These qualitative changes are best examined under two broad headings— privatisation and domestication; the intention is not to be comprehensive but to give a flavour of the changes.³

Privatisation

A central assumption within Thatcherism is that whatever the state does private enterprise can improve upon. Nevertheless, they have not been *politically* inflexible on this question, rather, as Hugo Levie has pointed out, they 'have been pragmatic, or even opportunistic as to the way privatisation takes place.'⁴ The term has, indeed, been endowed with many meanings; but in the context of the services we are examining, progress is piecemeal.

The most important, and predictable, qualitative change has been the legislation enabling the sale of council houses. Around half a million have been sold so far, which is under 10% of the total council housing stock. The rate of sale is now levelling off. The impact of this loss to the public sector will not be very great in the short term, but in the longer run the selling-off of the more desirable houses combined with cuts in new council house building — which in 1981 was the lowest since subsidies were introduced in 1919 — will further restrict the role of the public sector. Moreover, those few houses still being built by local authorities are more likely to be contracted out to private builders.

As for the health services, the body the Labour Party established to phase out the remaining 3,500 pay beds in NHS hospitals has been abolished, and there has been a substantial increase in the growth of private

hospitals and nursing homes. The private health insurers now cover 4.1 million people (about 7% of the population), double the number of five years ago. Yet the privatisation of health care in the last decade remains marginal: its growth only appearing spectacular given the very small base from which it started. Expenditure in the private sector is only just over 1% of spending on the NHS, and nearly two thirds of that goes on about thirty surgical procedures. The total number of private beds is currently around 6,000 which is actually smaller than the number of pay beds in NHS hospitals in 1965. In 1982, BUPA had only a 6% increase in new subscribers; and the growth rate of the three largest British companies has dropped from 31% to 5% in three years.

The franchising and subcontracting of hospital services such as catering, cleaning and laundry is another example of this softly-softly, thin-end-of-the-wedge, approach. Despite the enthusiastic reception of *The Economist* (5 June 1982) that such contracts 'could cut costs by millions and confront blatant union monopoly', most business men and NHS administrators are only too aware of the cost-effectiveness of these services. Nevertheless, such processes are insidious, and warn as much of possible future developments as present dangers.

Another less direct way that market criteria have been brought to bear on welfare services is through the implementation of direct charges. Social service departments have introduced an enormous range of new charges. The most common are minimum charges for domestic help of about £1 to £2 a week, and for attending training centres for the mentally and physically handicapped. It is not necessary to labour the point that such impositions hit the poorest the hardest. In many schools, there are direct charges for music lessons, contrary to Section 61 of the Education Act, 1944, and, as many parents will know too well, many school facilities — not least of all, books — are increasingly purchased out of parental contributions.⁵ In

¹ PGolding: 'Re-thinking Common-Sense' in D Bull and P Wilding (eds) *Thatcherism and the Poor* (Child Poverty Action Group Pamphlet, 1983).

² J Kelly 'Tebbit changes tack' *Marxism Today* March 1983.

³ For more comprehensive treatment see *Critical Social Policy* 8, Autumn 1983 and D Bull and P Wilding (eds) *Thatcherism and the Poor*.

⁴ H Levie 'Britain Goes to the Sales', *Marxism Today* April 1983.

⁵ See D Bull and C Glendinning in *Thatcherism and the Poor*.

the health services, prescription charges have risen by 600%, but there has not yet been any legislation on hotel (costs for hospital meals and beds) and consultation charges, despite fervent support for such proposals in the cabinet.

Domestication

Perhaps the most consistent ideological theme running throughout the Thatcherite credo is its appeal to the importance of the family, and the 'natural' roles that men and women are supposed to play within it. The most notorious, and blatant, airing of these themes came in Patrick Jenkins' speech to the 1977 Conservative Party Conference:

'Quite frankly, I don't think mothers have the same right to work as fathers do. If the Good Lord had intended us to have equal rights to go out to work, he wouldn't have created men and women. These are the biological facts.'

Certainly, such ideas have wide currency in Thatcherite circles, and are central to the long term project of converting an interventionist into a minimum state — a shift which gives a vital role to the family. Paul Johnson, for example, a recent convert, argued in *The Observer* (October 10 1982):

'The ideal Society rests upon the tripod of a strong family, a voluntary church, and a liberal minimum state. The family is the most important leg of the tripod.'

He went on to state '... the more society can be policed by the family ... and less by the state, the more likely it is that such a society will be both orderly and liberal.' Similarly, Thatcher's response to the 1981 riots, like the conclusions of a report by a group of Conservative lawyers (1981), argued that life-long stable marriages would largely resolve the persistent problems of family violence, truancy, delinquency, etc.

One of the most blatant examples of governmental desire to reinforce women's domestic role came in the recommendations of the Rayner (of Marks and Spencer fame) Report in October 1982. It is now legitimate to ask unemployed women 'what arrangements have you made for looking after your children?' a question not asked of male claimants unless a one-parent family. This could be interpreted as a conscious attempt to reinforce the nuclear family model, for the woman is held to be largely responsible for child care. Moreover the policy has the additional advantage for the Tories of making it possible to deny women unemployment benefit on the grounds that they are 'unavailable for work' if no one is in a position to look after their children. But such a policy could also of course have the opposite effect of driving women out into work.

Thus it is difficult to identify any government policy with the direct intention of domesticating women. Rather this goal has been indirectly achieved through the cuts in other social services. The reduction in health and personal social services in particular have meant that many women are obliged to care for an increasing number of the old and sick for whom the state will no longer take responsibility.

A SECOND DOSE OF THATCHERISM?

Thatcher's *qualitative* flexing of ideological muscle has so far been confined, then, to relatively circumscribed areas. But if the last five years have witnessed only a limited rolling back of the social democratic carpet, the next five could see something rather more drastic. This is why the two recent 'so called' Think Tank 'leaks' assume importance. The first — a paper produced by the Central Policy Review Staff (CPRS) — and leaked in September 1982, addresses the Government's poor record of cutting public expenditure. The most controversial plans were concerned, hardly surprisingly, with those large education and health budgets. For the former, it was suggested that all state funding of higher education should cease. Instead, fees would be set at a market rate (at present around £12,000 for an average three-year course). 300,000 state scholarships were to be made available, alongside student loans for everyone else. For the schools, an educational voucher scheme was proposed, whereby parents get a piece of paper which 'buys' a year's education — worth £800 in a primary school, £1,000 in a secondary school, and £1,200 in the sixth form. In theory, parents choose which school their child attends, and which ultimately stays open. As for health, the paper suggests simply replacing the NHS with private health insurance, saving an estimated £3-4 billion from an annual budget of £10 billion. As the less well-off will probably under-insure, a compulsory minimum cover is advocated. Smaller savings could be made by charging for visits to the doctor and charging more for drugs.

If the first 'leak' reveals a latent desire to make *privatisation* bite much more deeply into welfare provision, the second displays a central concern with our other previously noted theme — *domestication*. Indeed, this second 'leak' was from a special committee, set up by Ferdinand Mount (ex-rightwing journalist, now supremo of Thatcher's Policy Unit) known as the Family Policy Group and containing eight cabinet ministers. Its purpose was clear — in the words

of one of Mount's confidential memos: 'The purpose of the Group is to ensure that all the Government's domestic policies help to promote self-respect and a sense of individual responsibility. We are concerned with the overall well-being of the family and not solely or specifically with the provision of welfare by the state and other public agencies.' Mount's intention was to get leading ministers to cross-fertilise ideas on how the welfare state consensus could be destroyed.

It is these ideas, combined with those of an original paper by Mount entitled *Remaking the Values of Society*, and the previous CPRS 'leaks' which were brought together in November 1982, under the heading *Proposals for a Programme of Work*. And it was this document which was leaked to *The Guardian* (17 February 1983). It can be described as a bizarre mixture of frighteningly hard-headed pragmatic New Right pet prejudices, naivety and impracticability. There is much concern with 'encouraging private provision for social needs' and the training of children in 'proper' social values, but the document has assumed a certain notoriety due to its seeming obsession with returning women to the home (ie, *domestication*) and the central importance it attaches to the value of a 'good' family life.

Thatcherism and the family

Throughout the text there are fine words about the necessity of meeting the 'needs' of families, and much worry is expressed about the decline in family life and general social standards. Clearly, beaver away at the back of these Tory minds are figures concerning the rising divorce rate (2.1 per thousand in 1961, 12.0 per thousand in 1980); the increasing numbers of married women workers (30% economically active in 1961, just under 50% in 1980); the rising illegitimacy rate (doubled from 1961 to 1980); the growing number of one-parent families (increased by about 50% in the 1970s). Moreover, the proportion of families that might be regarded as typical — that is a married couple with dependent children — has declined from 38% of the population in 1961 to 32% in 1980.⁶ For those seeking evidence of moral decay such figures speak for themselves. Yet other figures could be examined, for example, about rates of remarriage — the proportion of marriages involving remarriage for at least one partner has increased from 13% in 1901 to 34% today. Indeed only 8% of

⁶ See Study Commission on the Family *Families in the Future* 1983.

females and 14% of males will not marry at any time in their lives.

Also at work in these Tory brains is the common misassumption that the old are now increasingly abandoned by their offspring to the state. Yet the vast majority of the old are still looked after by predominantly female relatives and friends — as are the disabled and sick. Even amongst the most seriously senile and bed-ridden of old people, more than half are in such care. The idea that the welfare state is a giant 'free' benefactor only too willing to look after relatives and children is a gigantic myth, as those with the senile elderly or young under-fives soon discover. Only 5% of our old are in residential institutions — a figure almost identical with that for 1900.

Quite clearly, the idea of women rushing like lemmings back to their homes is a very attractive one to the misogynist and sexist machinations of the Tory mind; particularly so at a time of mass unemployment. But many millions of women are still forced to do a double shift of domestic work and paid labour despite low pay and poor childcare facilities. For as Anne Showstack Sassoon recently pointed out, although women are in the labour force on a massive scale, 'society as a whole has not really accepted this fact of life: the domestic sphere, the world of work, the welfare state are all organised *as if* women were continuing a traditional role.'⁷ Work is organised, to borrow her term, around 'a male model'. Women *have* to enter the labour force, even for appallingly paid work, despite poor pre-school child-care facilities, and the fact is that most of them do a double shift because they and their dependents need the money. This is not lack of parental responsibility, rather sheer economic necessity. Tories also presumably favour profitable industries, and where will they find a continuous source of low paid, green labour if they prove successful in forcing women to stay at home? All this 'bleeding heart' concern for the quality of family life is, of course, fully exposed by the pursuance of policies which continuously undermine it. For example, the continuing inadequacy of child benefit, whose real value has been allowed drastically to fall, until the recent budget, increases the pressure on women to undertake paid work at the same time that Tory rhetoric condemns the working mother.

The realpolitik of the leaks

The insights offered into Tory thought processes by these leaks are revealing, but

not that surprising. What is much more interesting and important are the battles that have raged since the leaks about the possibilities of translating this clear vision of women back in the home, a minimal welfare network with people relying on the family (ie, women) for care, and the voluntary or commercial sectors for other needs, *into practical policies*. Immediately following the first 'leak', banner headlines appeared in the national press proclaiming Thatcher says: Don't Cut the Welfare State'. The plans were apparently not even to be discussed by the cabinet. 'Wets' and 'drys' were obviously locked in mortal combat, with the latter perhaps thinking discretion the better part of valour given the imminence of a general election at a time of mass unemployment and economic stagnation. But so the Tory faithful should not grow too restless, Howe went on record admitting internal dissension, and proclaiming that it was indeed a serious intention to encourage greater private sector investment in health and welfare provision. The arch-monetarist Leon Brittan also insisted that shelving discussion did 'not mean that decisions on these matters have been pre-judged.' (*Guardian*, 4 October 1982).

The second Family Policy Group 'leak' has also been followed by press revelations of open cabinet disagreement — in particular concerning Howe's desire, prompted by the party's women's groups, to abolish the married man's tax allowance. It is instructive to examine this episode as it allows both further insight into the contradictory nature of much of the FPG's oratory, and the political constraints upon its realisation as policy. After the last budget's adjustments, the married man now gets just over 56% more tax allowance than the single person. In another recently leaked memo, Howe describes the present tax system as reflecting a 19th century world in which married women were financially dependent upon their husbands. It goes on: 'Today, over 7 million married women contribute to the family income and the vast majority of women go out to work at some point . . . Many of these should be our natural supporters. But almost as many of them find the present tax concepts anomalous and sometimes offensive.' (*Guardian*, 21 March 1983).

A wholesale assault?

The allowance at present costs £3,500 million a year. Howe's plan was to allow all working people the same allowance but to permit those giving up work to transfer one-half of their allowance to their working

spouse. The effect, of course, of this seemingly feminist inspired attempt at independent taxation would have been to further encourage mothers to stay at home — in line with FPG thinking. Yet Thatcher scotched the plan because she believed whilst 6 million families would benefit, 5 million couples would lose out. There might be more political losses than gains. A hornet's nest has been stirred up in which the poverty lobby, particularly the Child Poverty Action Group (CPAG), have argued that abolition could allow the saved money to be channelled to mothers through a much increased child benefit. A policy which could genuinely be described as a 'family policy' in that it transfers resources to future generations.

It is difficult ultimately to judge which of the plans more benefits long term socialist feminist aspirations. Howe's is designed to have a negative, short-term effect — yet is premised on the principle of separate taxation. The CPAG's scheme will certainly benefit hard-pressed families, but reinforces female domesticity. The lesson is that even deliberate attempts to deter women's engagement in the labour force are most difficult to design, and are likely to have unforeseen consequences. So are the Tories likely to try massively to erode women's rights? It is important to bear in mind some real political constraints. The Tory Party has a strand of lukewarm, equal rights feminism — women now account for 60% membership of the party — and Lady Howe, of course, heads the Equal Opportunities Commission (EOC). The FPG expresses a desire 'to re-examine the usefulness' of the EOC, ie, to abolish it. This might happen as a symbolic gesture, but is, in my opinion, unlikely. The EEC is another source of establishment pressure to maintain certain basic rights for women. Present 'rights' in any case, do not address the central problems facing women — job segregation, child-care, access to part-time work with reasonable pay and conditions — and are not a major threat to employers. Although ideologically, the Thatcher government would no doubt love to remove equal rights laws from the statute book, they are unlikely to do so.

The real danger

A much more imminent danger to working class interests, and one explicitly signalled by these 'leaks', is the prospect of radically regressive changes in our health and education services.

Educational Vouchers are high on the list of priorities of both 'leaks'. The voucher scheme is also something which Whitehall



The ideal family

has done a great deal of detailed research. Six local authorities, including Sefton, Hampshire, and Birmingham, are known to be lined up ready for a pilot scheme. It also has the fanatical ministerial support of Keith Joseph and Rhodes Boyson. But numerous practical problems confront successful realisation. Should vouchers be spendable at private as well as state schools? Should there be means testing? What happens to under-subscribed, unpopular schools? The DES seems to have reached an impasse on such issues — or, is it that they are just biding their time, on what is a most unpopular proposal, according to opinion polls, until after the election? The Treasury, behind Brittan, believe that Joseph is too soft. They want a scheme which will really allow market forces to blossom, but no real details are known. Whatever happens, there will undoubtedly be an effort to pursue some sort of voucher scheme if the Tories are re-elected.

Private health insurance is another 'reform' with good prospects of legislative success if the Tories are re-elected. Public discussion of this seems to have died since Thatcher's explicit disavowal of the first Think Tank leak proposal, and the desperate attempts by various health ministers to convince the public that they really have increased expenditure on the NHS. The truth being, of course, that there has to be (at least) a 1.1% increase in health expenditure every year just to stay in the same place, due to the demands of our increasingly ageing population. In fact, an effective cut in provision *has* taken place since 1979. Certainly without further

enabling legislation, the recent 'private health boom' will be over. For given present constraints, the market is saturated. The fact that private health insurance companies, both British and American, expect such legislation, is evidenced by the increasing number of small private hospitals — since 1980 only new hospitals with 120 beds or more need approval from a health authority — that are being set up. Many have no real prospect of long-term viability without such legislation. The actual form the changes will take, however, is not clear. It could possibly be a dramatic move to a system of compulsory pre-paid insurance through private sector financial institutions, or perhaps a continuation of private facilities either in competition, or complementary to, the NHS. Howe, Tebbit and Fowler have all recently spoken in favour of a 'two-tier' health service with the NHS hospitals competing in the market sector with private ones. A big election victory might embolden Thatcher to pursue a system largely based on private insurance.

CHINKS IN THATCHER'S ARMOUR?

Thatcherism may have made the significant ideological gains noted earlier in this article, but there are some huge potential chinks in her armour. The *Daily Telegraph* regularly published Gallup Polls between March 1979 and February 1982 which revealed that the proportion of those in favour of cutting taxes, even if it meant reductions in social services, fell from about a third to a fifth, and that the numbers in favour of increasing taxes to pay for better services went up from a third to a half. Also, a

recent Marplan Poll (February, 1983) found four fifths of those asked wanted no further cuts in health, education and welfare services, even if that meant tax could not be reduced. There is real danger then, of not recognising both the fragility of Thatcher's ideological gains and the difficulties she faces translating rhetoric into policy.

Thatcherism thrives on the absence of a viable alternative. Labour has not really constructed an alternative social vision. The social policy proposals in Labour's Programme 1982 and the Party's pamphlets on the various areas of welfare provision, are for the most part dull and unimaginative. There is no real appreciation of the failures of the welfare state, or the reasons for working class people's disenchantment with it. The future programme still clings — rather lamely — to an over-sentimental vision of 1945; a liberal vision of welfare as an altruistic countervailing force to the egoism of the market-place. Equally, there is still a lack of real understanding as to how unpaid domestic work by women underpins welfare provision. Whatever else the postwar settlement did, or was, it reinforced the power of white males; to borrow Sassoon's term again, it reinforced a 'male model' of work and social organisation.

The only real socialist way forward is to begin to challenge the assumptions of that model. Greater redistribution of resources to families, a theme played on as much by Labour Party spokespersons as Tory, is patently not enough. As Elizabeth Wilson once wrote: 'It is *because* we are over-reliant on family care that we treat those without families who cannot care for themselves so shamefully.'⁸ Thatcherism will, of course, buttress and reinforce that male model, and in so doing will further erode the 'social wage.' Yet it would be possible, by skilfully blending an appeal to reflation and increased economic growth with a genuine appraisal of social goals — about equitable income structures and differentials, job sharing, preventative forms of care and democratic control of welfare institutions — to build a real alternative to Thatcherism. Its construction will necessitate the Left having to take the politics of welfare and distribution as seriously as the politics of production. •

⁷ Anne Sassoon 'Dual Role: Women and Britain's Crisis', *Marxism Today* December 1982.

⁸ Elizabeth Wilson 'According to Our Needs' *New Statesman* 10 September 1982.