The new political economy of public life

Robin Murray

Robin Murray *argues that we need to refocus debates about the role of the state, onto questions of production rather than circulation.*

The question of how the state - or more properly the public sphere - should be organised remains at the heart of the crisis of social democracy and socialism; it is an issue on which little progress has been made since 1989.

Much of the debate on the left has been conducted in terms of the issue of the commoditisation of public life, and has focused on such questions as the extension of markets and quasi-markets, the introduction of vouchers and tradable permits, and the application of market accounting (liberalisation). Bound up with this problematic of exchange is that of consumption (choice, the individualisation of consumption, personalisation) and that of distribution (who should have access to public goods, on what terms, and how this relates to distribution via the market). In a theoretical sense these could all be described as problems of circulation. They have been posed by the right in a sustained campaign over the last forty years, and this has repeatedly pushed the left onto the back foot. But in the left's resistance to commoditisation, and the asset-stripping of the public sphere, the over-riding questions has persisted: if not this way how?

The movements of the 1970s and 1980s soon clarified the point that the old form of the state was itself suffused with problems: it so often reflected the organisational models of Taylorism and Fordism - which were facing a gathering

crisis in the private sphere. The term 'In and Against the State', coined by a group of socialist economists and state workers in the late 1970s, captured the point. But in so doing it necessarily asked 'what are we for?'

I want to suggest that the starting point for an answer to this question should not be issues of circulation but of production, and specifically of the labour and consumption processes around which production in the public sphere is organised. It was the experience and analysis of public labour processes that underpinned the critiques of groups like 'In and Against the State', and in posing the issue in this way they pointed to issues on which the right were silent, and which offered alternative ways forward.

Faced with the onslaught of neo-liberalism, much of the old Fordist public order has collapsed - most notably the centrally planned economies of the East and South. The latter have in some ways left the deepest scar. Liberation movements which militarily and politically overcame the mightiest world powers in the 1970s (there were nine socialist revolutions in the South during that decade) have subsequently succumbed almost completely to those world powers economically. The left lacked models which were the economic equivalents of nailey boards and guerrilla strategies in the military field.

At the same time the severity of the neo-liberal onslaught, not least in the UK, has sparked a great range of alternative experiments in the organisation of public life from which a pattern is emerging. Partly this has come from within the state itself - from local authorities like Harlow or the GLC. But it has also come from outside the state through civil society movements. Those around food, health, transport, and the environment have been particularly important in suggesting alternative models. They have moved the debate beyond the issue of public/private boundaries and the transformation of micro processes of production, to questions of the ways in which whole systems of producing certain general needs are organised.

Food

Take food as an example. For the most part, in social democratic countries, the state does not produce food directly. But it massively influences what is grown and where. Its instruments are subsidy and regulation. The critique of the food movement is of state policy captured by the leading agricultural, food processing and retailing interests, at the expense of the environment, small farmers (both in the UK and in the developing world) small shopkeepers and the consumer.

Over twenty years, this movement has developed an alternative both in theory and practice - agricultural production which is more benign environmentally (and to agricultural workers), alternative distribution systems, and a quite different mode of consumption.

Much of this has been put into practice by the civil economy, with little if any support from government. The sphere of the state most open to the innovations has been local government - not all but some - which has used its purchasing power, and in rare cases its authority over school meals, to encourage healthier eating and farmers markets; or has resisted the impact of supermarkets on local food distribution.

And once the question is posed as one of productive systems, the food movement in the UK found that there were areas of the world in the North as well as the South where such systems were well established. Emilia Romagna, for example, has a remarkable network of co-operatives - of farmers, food processors, retailers - which has not only resisted the Fordist food economy locally, but has expanded internationally (Parmesan cheese is produced by a consortium for more than 900 small cheese producers in the Parma region, Parma ham by a similar co-operative of over 100 local pig farmers).

In the case of co-operative centred food systems, the starting point has either been from that of primary producers (as in Emilia) or from consumers (as in nineteenth-century Britain). In contemporary Britain the food movement has tunnelled into the food system from both directions, that of alternative farming methods (driven by environmental and health concerns) on the one hand and from consumption on the other. But in this case, the consumption problematic is very different from that of neo-liberalism's pre-occupation with markets and choice. It is rather with a material mode of consumption, which is then connected directly with production and with politics as part of what in conceptual terms is a labour process analysis of the food system.

Energy

Take another example, energy. The pioneers of new electricity systems in the early twentieth century were municipal and regional governments. Power stations and local distribution systems were established as part of 'gas and water' socialism. These were later consolidated by the central state, and connected via a national grid, until they were all privatised, like other utilities, over the

past two decades. What privatisation has meant is not a change in system - this is still centred round large power stations and distribution via the grid - but modifications within the system about which power stations come on stream when, or how consumers are charged and how much.

The environmental imperative to reduce green house gases, and the movement against the dangers of nuclear power, have now opened up quite different ways of meeting the demand for heat, light and cooling. New technology has cut the cost of small generators, and when these generators are linked into piped heating and cooling systems (so called tri-generation), the reduction in energy losses in comparison with traditional centralised power stations, and from the national grid, are such as to outweigh the scale diseconomies of generating electricity from smaller plants. The net cost advantages captured as surpluses in public hands can be used to reduce prices for those in fuel poverty, and/or to fund renewable energy production, which in straight market terms is for the time being more expensive than conventional power sources.[1]

This form of distributed energy system has often gone hand in hand with action to reduce energy consumption, through a whole range of measures in industry, commerce and the home. The so-called fourth energy source (reduction) has turned out to be the cheapest way of meeting power demand, but it requires quite different types of labour process, organisation and culture in order to deliver it.

New informational and production technologies have re-opened spaces for municipal enterprises and small-scale producers and their collective organisations. Eighty per cent of wind power in Denmark is co-operatively owned. In North Rhine Westphalia, now the leading wind power producer in Western Europe, it is the regional government which has taken the lead. In Manitoba, Canada's last social democratic state government, which has just been returned to power on a radical environmental ticket, a new public hydro project (in which the native people have a one-third share), and a local system of wind power (distributed to farms and owned by farmers and local co-operatives) has set Manitoba at the forefront of all jurisidictions in reducing

1. For an excellent discussion of the economic and environmental advantages of distributed energy systems see Amorty Lovins, Small is Profitable, Earthscan 2003.

CO2 emissions. What's more, it has used energy production as an instrument of regional policy and income redistribution.

Closer to home, the local council in Woking has become a leader in the introduction of distributed energy systems internationally. They have established sixty generators distributed over 'private' wires (in fact municipal wires), using gas, solar, hydrogen fuel cells, and geo-thermal energy production, coupled with combined heat and power (CHP). Woking now accounts for 10 per cent of all CHP and solar energy in the UK. This shows the way for a new era of municipal enterprise.

Waste

Finally, let me take an example of an area which has remained a municipal responsibility, the collection and disposal of waste. Here the traditional regime was established in the late nineteenth century. It was focused on the dustbin, which in Britain was collected weekly. For a century, until the late 1990s, the service remained much the same. Collection vehicles got larger and were fitted with compactors. Mixed waste was taken to landfills, or burnt in incinerators. It was a labour intensive service, using unskilled labour, and it expanded in line with the growth of the economy.

A widely based social movement protesting at the dangers of landfills and incinerators, coupled with growing concerns about climate change, are forcing this old model to change. Throughout North America and Western Europe, public policy is now trying to decouple waste from economic growth. Reduction, re-use and recycling have become the watchwords at the beginning of all local and national waste strategies.

Some regions and countries have been remarkably successful in changing their waste services over the past decade. Germany, Holland, Switzerland, Nova Scotia and a handful of American states all now recycle 40 per cent or more of their municipal waste. In place of a single mixed waste stream, they have introduced systems based on the collection of distinct streams, some separated at source, like organic waste or dry recyclables, others using various mechanical separation systems. Mass waste is being reconceived as multiple secondary materials.

The production problem is similar to that faced by mass manufacturers from the 1970s onwards, but in reverse. For the manufacturers the challenge was to move from the single product flow principles established by Henry Ford to multi-product flow as developed by Taiichi Ohno for Toyota in Japan. (Kiichiro Toyoda,

the founder of Toyota, was inspired by visiting an American supermarket in 1937, and retailers have been leaders in developing the multiple flow practices that characterise the new industrial paradigm.[2]) Recycling is retailing in reverse. The remnants of the mixed bag of commodities are separated out and returned as secondary materials (sometimes via the retailer) to the manufacturing cycle.

Some countries have responded to the challenge of recycling by using old collection technologies in parallel to collect the separate streams. German households, for example, may have four different bins (for packaging, organics, paper and residual waste), collected by four separate large waste collection vehicles. Some recyclers use a traditional waste vehicle divided into separate compartments, into which the waste is sorted at source. The result of this approach has been an escalation of costs. The cost of German packaging waste collection and sorting is some £260 per tonne, compared to mixed waste collection and disposal in the UK of £50 a tonne. The problem is that there has been a replication of traditional methods of waste handling. The work process, technologies and forms of organisation remain similar.

But there are some regions and municipalities which have introduced quite different systems. There are over 1000 municipalities in Italy which have 'deconstructed' the traditional dustbin, firstly by introducing separate food waste collections. Residents are given small buckets in which they place bio-degradable plastic bags containing the food waste. The buckets are collected by one person with a small truck costing less than a tenth of a normal refuse vehicle, and transferred to a closed vessel compost plant. With food waste out of the way, and garden waste composted at home or collected occasionally at week-ends, the remainder of the dustbin no longer has to be collected so regularly. Paper, glass and tins are removed, and the residual may be 'gleaned' with a mechanical sorter, to get other recyclables out and to neutralise any remaining organics.[3]

The key technologies here are not complex waste treatment systems, but the biodegradable plastic bag. The bag keeps in the odours, and allows quality control by the collectors. Waste is no longer hidden in black plastics sacks or dustbins, but made visible through transparent bags and open recycling boxes.

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2. On Japan and the development of multi-product flow see Michael Best, The New Competition, Polity 1991.
3. On new recycling systems see Robin Murray, Zero Waste, Greenpeace 2002.

The single giant compacting lorry can now be replaced by vehicles designed for the particular materials - local authorities in the UK have pioneered a small electric recycling barrow which carries up to a tonne and goes on the pavement. When income from the sale of materials is taken into account, the result - in the case of the Italian system - is high recycling (nearly half of municipalities in the Milan region now recycle over 50 per cent of their waste, with some exceeding 70 per cent), and a reduction in overall municipal waste costs, in spite of the multiple streams of collection.

An emerging pattern

In each of these cases, social and environmental movements have taken the lead in developing alternative models of productive system. Here we are not restricting the definition of productive system to a narrowly defined view of production; we are extending it to include forms of distribution, modes of consumption, the types of labour and professional skill required, and adequate forms of allocation and ownership.

Although each of the examples I have discussed is very different, there are common patterns emerging - a new paradigm of social production. And this can be found to apply to many other spheres - water, transport, health, schools, and, as Hilary Cottam's article in this issue illustrates, prisons.

In her conclusion to her article Hilary Cottam identifies six features of this new paradigm: a move away from addressing symptoms and towards looking for cures; production avoidance (looking for ways to rethink old, often wasteful practices); shifting from mass delivery to user-centred services; a trend towards flexible service production; new built forms; and new forms of finance. Each of these applies to the emerging models I have discussed.

Symptom prevention and production avoidance

Whether in transport, health, or the utilities, the rise in costs is leading to renewed interest in the prevention of problems. The food movement is currently celebrating a breakthrough in public policy in favour of disease prevention through a healthier diet; this has happened not because of a change of course in the agricultural section of DEFRA, or even the Department of Health, but through the influence of the Treasury, who recognise that only radical changes in the food system will stem the spiralling costs of treating the consequences of

obesity (or smoking).

Similarly, the debate on waste has now moved to seeing waste as a symptom of bad design, and policy is being directed at shifting the responsibility for waste from the state to producers (and to a lesser extent consumers), as a way of introducing a dynamic for waste reduction. In energy, the issue is how first to reduce the need for energy, not just through switching off lights, but more significantly through designing buildings so that they use minimum energy (and in some instances even act as mini power stations, exporting energy from solar production).

The user as producer

Hilary Cottam's point about participative user services is also echoed in all three examples discussed here. In each case, as in many other services, the user is now recognised as a co-producer, as an intrinsic part of the chain of production. There is a new interest in the informed consumer (in food), in the efficiency of consumption (of energy or water), in the importance of the provider/user relation for the effectiveness of the service (in health or education), and in the part that users play on their own account in meeting the goals of the service. There is also a growing interest in the way users experience services and the built environment emotionally, and in the nature of 'emotional labour' of front line workers.[4]

One result is a new focus on the relationship between frontline workers and the users. There has been an expansion of advisory services and home visitors - energy efficiency advisers, 'compost doctors', post-operation action teams and district nurses, probation officers. Local councils now provide one-stop shops, and information services. Most public services now have websites and service guides. New responsibilities are being given to caseworkers. Front line delivery staff are now being re-trained to provide advice and support, and, like the Toyota workers, to take greater responsibility for the analysis of service information and for improving quality. Teaching is being redefined as facilitation.

The user is no longer a passive consumer, or a citizen with rights of access to a universal service. Instead, meeting the goals to which the service is directed depends critically on him or her. This is clearly the case for waste and recycling,

4. See *Soundings 11, Emotional Labour*, and *Soundings 20 Regimes of Emotion*.

but is also true for education, and health (exemplified in the latter's explosion of support groups, specialist advice lines, and healthy living centres).

Flexible production systems

Hilary Cottam's fourth characteristic, flexible and adaptive services, is at the core of the new emerging social productive systems. Mass customisation in manufacturing rested on a shift from dedicated equipment towards general purpose machines, which enabled a rapid switching of production from one product to another. Similarly, flexible infrastructure and equipment is a feature of the new public service paradigm. The demands for flexibility are of two kinds: short-term and long-term.

In the short term, infrastructure has to be able to respond to different levels of demand, different service mixes, and different kinds of use. Roads and pavements, for example, are general purpose infrastructures that can be used flexibly. Their use can be switched in time and space: for example, the direction of flow in road lanes can be reversed to match the rush hour. Pedestrians and bikes can take over on Sundays. Re-allocating road space can be done quickly and cheaply.

Schools are now being designed with multiple uses in mind. Currently schools in the UK are used only 13 per cent of the time. But their facilities could be opened up to local communities as learning and leisure centres. They could be booked for conferences and events. The same goes for other public buildings - colleges, parks, museums, and even waste transfer stations (the waste site in Phoenix, Arizona was designed with the help of artists and is now a community centre, museum and educational facility).

In transport the principle of flexible equipment can be seen in road-rail buses, in lorries that can rapidly switch their loads from road to rail and back again, in containerisation more generally, including the standardised containerisation of personal luggage, the use of adaptable vehicles (like the recycling vehicles with cages and bags rather than fixed compartments), and of buses and trains that can have flexible capacity according to demand (the Singapore metro system varies the length of its trains according to real time feedback on passenger numbers).

These are all examples of short-term flexibility.

Equally important is long-term adaptability, the capacity of a system to respond to changes in the external environment. With the mass production

paradigm, the emphasis was on scale, including large-scale finance, and a reduction or displacement of risk. Major plants - whether they were nuclear power stations, new reservoirs, incinerators, motorways, or airports - had long lead times, became the focus of local and environmental opposition, and were subject to expensive retrofitting or restrictions with changes in legislation. They tended to freeze technologies. They were open to serious capacity problems if demand fell below forecast, or rose above it.

The new systems are built to be adaptable; faster to plan and build; to have shorter economic lives; and to be more open to technological adaptation or replacement. They are smaller, cheaper, and more distributed, therefore more easily absorbed into any locality. Modern windmills, for example, can be planned and built in six months. Nuclear stations take nine to fifteen years.

Intensive recycling systems can handle 60 per cent of waste within as little as three years, while incinerators take a minimum of eight years to come on stream. Traffic management schemes based on converting a network of streets to bus-only roads, or raising a separated lane for cyclists, can be introduced in a fraction of the time and at a fraction of the costs that it takes to build a major new metro line or urban motorway. New water purification and delivery systems are being developed which do not rely on large-scale infrastructure. Micro closed-vessel composters based on microbiology have now been developed which match the costs of large-scale plants, and can be fitted into parks, or school grounds, high rise estates or car parks. With smaller scale equipment and modular buildings, economies come from volume production of standardised designs.

In all these examples it is not just a question of scale, or that small is beautiful. Rather it is a question of how large systems are constructed and maintained - whether they are centralised round large flagships, or distributed with small, locally adapted plants and equipment, supported by system-wide communication and information systems, and specialised know how. It is the model of the Third Italy as against Turin.[5]

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5. The increased diversity from distributed systems, and their openness to innovation, is illustrated by the Finnish telephone system. Finland was the one country not to have a centralised system established in the early twentieth century, and this allowed it to be one of the first to respond to the potential of the new information and communication technologies in the 1970s and 1980s. See Andrew Davies, *Telecommunications and Politics, the Decentralised Alternative*, Pinter 1994.

These new technologies have organisational implications. The hierarchical, Taylorist model of public sector management is seen as inadequate not only by critiques of traditional service systems but by many public service managers themselves. There have been numerous attempts to introduce organisational arrangements which are flatter and networked, and give greater autonomy to the operating units. There has been a thinning out of middle level supervision, which has been counterbalanced by experiments in strengthening user groups (parents for example), by imposing targets (often reminiscent of Soviet type planning), and by extending internal and external contracting and widening the remit of inspectors and auditing bodies. There has also been an emphasis on strengthening horizontal links via partnerships, and new cross-institutional bodies (such as primary health care trusts).[6]

These experiments are at the core of public sector reform. In some sectors re-organisation has followed re-organisation, as errors are recognised and new routes are tried. Some of the more successful (such as the New Deal for Communities) have involved pooling central government resources for inner urban areas, and giving authority over the spending and contracting to newly elected small area partnership bodies in which residents form a majority. This is a first notable attempt to reverse the thirty-year trend in the UK to centralising hierarchically organised municipal government on grounds of economies of scale.[7]

The broad goal of these organisational reforms is in line with the new paradigm, to give greater autonomy for operating units, so that they can run themselves on a day-today basis, and can innovate and allocate resources, while at the same time remaining accountable to users and funders of the services.

Public finance

The new forms of public finance mentioned by Hilary Cottam are not confined to the prison service. For the social economy, the form of finance is as important

6. One innovative proposal by Robin Stott, a consultant general physician at Lewisham Hospital in London, has been to provide budgets to Primary Care Trusts to invest in housing, home insulation, job creation and community facilities, all of which have been found to have a bearing on health and well-being. This is one way of capturing the multiple effects of many public services. See R. Stott, *The Ecology of Health*, Schumacher Briefings No 3, 2000.
7. For a discussion of such experiments in relation to English local government, see Sue Goss, *Making Local Governance Work*, Palgrave 2001.

as is the market for neo-liberals. The structure of finance provides the skeleton of an organisation. The centralisation of public finance and the form of the budget, established by the late nineteenth century in Britain after a century of institutional struggle, have underpinned the centralisation of government and the vertical fracturing by department.

Flatter, networked and more directly publicly accountable organisation requires a parallel innovation in public finance. The old model of direct taxation gathered into a central Treasury and dispensed in ever more complex and non-transparent ways through levels of government and hierarchical layers has lost its legitimacy. Throughout Europe and North America anti-tax parties have gained ground. The problem has been made worse by the shift in the relative incidence of tax, away from internationally mobile companies and individuals and towards the immobile.

There has been a wide range of public finance reforms in response to these problems:

- a shift from direct to indirect and property taxes to secure a greater tax-take from the mobile
- the introduction of hypothecation between particular taxes and expenditures
- the financing of new investments by public bonds (which may themselves be subject to referenda)
- the increasing use of tax and differential charging as an economic instrument (providing rebates for 'goods' and higher charges for 'bads')
- tithes to be paid by private developers for hypothecated uses (for the arts, or low cost housing, or environmental improvements)
- more generally the use of ownership, property tax or the sale of permissions to gain a share in betterment that results from public investments.
- the introduction of tradable permits or tax contributions linked to the achievement of targets
- the encouragement of not for profit companies and co-operatives to provide services in which users and local residents can invest (this has been the secret of the spread of co-operatively owned wind power in Denmark).
- the use of challenge funds involving bidding by public and partnership bodies, as an element of partnership funding (this has been used within central government as a means of encouraging cross departmental working)

- the provision of area budgets to be allocated by partnerships responsible for services within an area

These measures make more permeable the boundary between a public sector funded by direct tax and the spheres of the household and the market as they relate to the state. A number of them are aimed at making a closer link between tax and service (other than through direct charging). In some cases (such as the bond or a discretionary tax subject to voting) they provide a measure of the public acceptability of the proposed investment. Those arguing for the investment have to win a majority. As the flow of funds to finance public services becomes less centralised so it provides the material basis for organisational decentralisation and a wider range of service accountability.

There have also been elements of Schumpeterian taxation, with rewards of lower tax, or more funding, or revenue from the sale of permits for successful innovators. The incidence of the economic instruments is specified over the long term. There has also been a growing use of not for profit bodies charged with promoting restructuring in public and private sectors, which are used as intermediaries for the provision of public funds by the central exchequer.

Shifting the terms of debate

These are just some of the avenues opened up by the productive systems critiques and alternatives developed by the social and environmental movements, and by innovations from within branches of the state. But here I want to return to a more general argument: that by re-entering the economic and political debate about the state not through the neo-liberal problematics of circulation but through a material critique of productive systems, the left can once again be on the front foot in the questions it poses as well as the ways in which it answers them.

The examples discussed here suggest that there is a new production paradigm, which is applicable to the social and economic infrastructure that was formerly the responsibility of the state.

But it is an open question as to whether or not this paradigm can become generalised, as the mass public service paradigm was in the previous wave. In those countries where the old paradigm is strongest, there is a coalition of interests - bureaucratic, professional, and private - for whom the future is seen

to lie not in the new paradigm, but in an intensification of the old. Privatisation and other aspects of recent public service reform have served to belatedly introduce into the public sphere key elements of Fordism - deskilling labour, concentrating power into the hands of managers, increasing the scale of plants and service centres, standardising services, and making them more rigid (through the details of long term service contracts for instance). And new technologies have facilitated this centralisation of control. The globalisation of infrastructural services (in the utilities, and in services such as prisons, leisure facilities, construction, freight transport, and the running of schools) is likely to intensify this trend, since few of the global corporations are (so far) offering the new generation of services.

What is needed is a coalition for the new paradigm, which will include elements of the state services, progressive trade unions, younger professionals, not for profit and environmental groups, and a number of SMEs and major corporations who have adopted the new production and environmental paradigms. The difficulty is that the cost savings promised by the new systems depend on volume production of means of production and construction, and this pre-supposes wide-scale adoption of the new system internationally. Governments play a critical role here, in funding the initial stages of the new paradigm services until a sufficient critical mass is reached. (There is also the strong possibility that new systems of production can decouple the demand for many services from the rate of growth, as has been the case for energy.)

But developments along this path cannot be confined to the fortress that marks the old state boundaries. The critical issue now is the determination of wider productive systems, which necessarily involve private, public, the household and the not-for-profit sector. The task of the state is to provide a structure of incentives, and ensure an institutional framework, which will allow productive systems to develop along the lines of the new paradigm rather than reproduce the old. To do so the state will have to reconstitute itself (in Britain at least); it needs to move away from the subaltern status it has been driven into by the politics of the last two decades, and restore its specialist knowledge and public identity, so that it can partner with the new interests on whose support and capacities any substantive post-fordist state will depend.