NEO-LIBERALISM AND POLITICAL INCLUSION

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Abstract
Various configurations of political inclusiveness have emerged since self-government began in the West nearly two centuries ago, associated with the changing roles of the liberal state and its responsibility for welfare. By the twentieth century, collective practices have been challenged by new forms of governance associated with neo-liberalism. Individualisation and marketisation are key elements to the new state governance rationale of 'steering, not rowing'. Accordingly, public sector welfare provision is being reconstituted as the domain of the individual and as an individualised political practice premised on 'freedom of choice' of the individual.

Introduction
Western practices of political inclusion are located in broader governance strategies, and are deeply implicated with welfare policy and the role of the liberal state. Governance in this sense refers to the rationale underpinning the management of society in relation to institutional practices, policies and sources of legitimacy (Burchell 1996, 9-20). In the Western world practices of political inclusion have undergone significant transformations since the institutions of self-government began to emerge more than two centuries ago. By the turn of the 20th century, the 19th century liberal state had begun to be replaced by a 'responsibilised' liberal state, driven by democratic demands from collectivities through political processes paralleling formal liberal political practices. By the end of the twentieth century and the start of the 21st century, the 'responsibilised' liberal state is being re-constituted towards a neo-liberal state. This development has important repercussions for welfare policy and practices of political inclusion in which individualisation and marketisation are key elements. This article discusses these developments in relation to the nexus between state institutional practices and political practices in civil society, where 'new policies create a new politics' (Schattschneider in Pierson 1996, 41-43).

The Rise of Collective Politics
Self-government emerged as a historic project of the West in recent centuries as the absolute power of the monarchy was undermined by new claimants for political power. Liberal political institutions emerged as the basis of national governance, involving policy forums of periodically elected representatives drawn by and chosen from the enfranchised polity, and underpinned by codified law to which all citizens are formally held accountable. The enfranchised polity was extended successively to include those with fewer property qualifications, until the working class and then women and in some instances other marginalised groups were included by the early 20th century. The legitimising principle of governance was initially premised on the idea of a rational, self-interested individual as the fundamental political unit of society, and a narrowly circumscribed role for the state in maintaining the conditions for the capitalist market (laissez-faire) and in matters requiring central coordination such as 'security' (Harris 1999, 28-29; Leach 1993, 84-92).

A specific relationship between economy and politics was crucial to the liberal governance rationale. It was the politics of de-centring, the withdrawing of power from the centre (historically, the monarchy) out to the 'margins'. The margins refers to the civil sphere of individuals engaging in formal political and economic processes where politics and markets were to be maintained as separate domains. Political power dispersed through the individualised polity was to be asserted through formal representative forums. Economic power was dispersed through society, premised on individual actors engaging in the market as buyer and seller of goods, services, and labour (Leach 1993, 84-92). Markets were accordingly understood as the source of welfare, through employment opportunities and the rationalisation of the production and distribution of goods and services.

The early twentieth century 'universal' franchise emerged out of class conflict as the capitalist market failed to provide adequate livelihoods for the impoverished and subsequently rebellious working class. The universal franchise involved the political inclusion of all those recognised as citizens, where 'citizenship' conferred specific political and civil rights including the right to vote...
and stand for public office, the right to impartial treatment under codified law, and freedom of expression (Kirkby 1989, 107-121). The political inclusiveness of the universal franchise formally extended liberal political practice to all citizens. However it also enabled the newly enfranchised polity to challenge the legitimacy of separate domains for politics and economy, and to usher in new institutions on this basis.

During the 19th century the mobilising working class had developed organisational capacity to collectively confront their political exclusion. A shared identity of exploitation fostered the solidarities and organisational cohesion that constitutes the labour movement. This movement invented new social forms to further working class interests, including cooperatives and insurance schemes, and the capacity to act industrially, often militantly, through ‘unions’ of workers. By the late 19th and early 20th century, the social instability of class conflict contributed to the emergence of extra-liberal political institutions for addressing industrial matters. These industrial forums included centralised (state or national) forums for resolving disputes between employers and employees, central bargaining over pay and working conditions, and a legitimate role for unions in these processes (Ashford 1986, 186-213). Thus a collectivist politics emerged, based on class identification, in which some of the economic domain was drawn to the centre from the margins.

At the same time, the labour movement implemented another collectivist political institution, the mass-based political party. Previously, political ‘parties’ were loose and transient coalitions of politicians (Leach 1993, 121-24). The new ‘labour parties’, however, introduced a disciplined collectivist working class voice, embodied in a coherent party organisational infrastructure. Their success in mobilising class-based votes contributed to the rapid formation of non-labour political parties. Thus by the early twentieth century, liberal political systems had grafted upon them collectivist politics that belied the legitimising basis of the individual political actor.

In relation to these developments, the role of the state was shifted from a minimalist one to the new ‘responsible’ state, involving the allocation of increased responsibilities for the state in addition to the industrial forums (Ashford 1986, 1-8). For instance, the state was afforded a more pro-active role in maintaining the conditions of capitalism, such as tariff protectionism to shelter national economies and protect domestic employment. The state was afforded a role in wage substitute provision: pensions and insurance programs for the ‘deserving’ unemployed, including widows, the disabled, and the aged. The ‘responsible’ liberal state had emerged as the champion of citizenship welfare provision, however minimalist, where the boundaries between economic and political domains were being blurred.

The decades following the 1930s Depression and WWII ushered in new developments in governance, political inclusion and management of welfare, building on collectivist politics. A stronger role for the state in maintaining the conditions for capitalism emerged, with the implementation of macro-economic instruments to circumvent damaging recessions and inflation. Maintaining spending power was important to this strategy, legitimising a stronger role for the state in income substitution: more and better-funded pensions for an increasing array of risk conditions. It also involved other redistribution strategies, including progressive taxation and state provision of more ‘quality of life’ goods and services such as in health and education (Beilharz 1989, 137-148; Leach 1993, 93-101). These developments were additional to the industrial forums, protected economies, and the context of class-based collectivist politics.

The post WWII welfare state, referred to as the Keynesian welfare state (KWS), had significant defining features. They included a proliferation of public sector employees to administer the increased array of welfare responsibilities and a culture of citizenship which legitimised individual and collective welfare claims upon the state. Institutionally, a dual economy had emerged, the public sector and the private sector, each premised on different rationales for the production and distribution of goods and services. The private sector was premises on market forces, albeit within a regulatory framework, and the public sector premises on a bureaucratic rationale and guided by democratic imperatives placed on the government (Pierson 1998, 58-62).

Accompanying the emergence of the KWS was a proliferation of collectivist formations in civil society, including, the womens’, anti-racist and environment movements, their agendas transcending the class-based issues of class politics. This development took place in the context of social and economic change, including a more educated citizenry, enhanced prosperity raising quality of life expectations at the same time as increased capacity for collective mobilisation, and disillusionment with the failed promise of the post WWII world. Their criticisms focused on the KWS outcomes and its governance rationale. Outcomes of KWS were seen as problematic in a number of ways, not least for failing to produce the promised prosperity for all. Welfare provision was seen as unresponsive to the needs of a diverse citizenry, by failing to sufficiently recognise ‘difference’ based on gender, age, ethnicity, and physical and mental health. Also, welfare state provision was criticised for

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its construction of welfare as action taken by the state upon a passive individual, which fostered a passive and disempowered citizenry (Pierson 1991, 69-98; Garton 1990, 162-68).

Linked to these issues was another about practices of political inclusiveness. Formal liberal practices were criticised for being too blunt an instrument, and too remote, for responding to citizens’ needs. Practices of class politics associated with unions and industrial forums were seen as too limited for addressing their concerns. Demands were made for a more inclusive political practice involving more direct representation by citizens. Responsive participatory mechanisms were sought that would more actively involve those affected by the policies, as well as appropriate resourcing to render citizen participation more possible particularly for the more marginalised groups (Bishop and Davis 2002, 14-16). Driven by imperatives of electoral success, an accommodation by the liberal democratic state was social corporatism. Corporatism involved the inclusion of collectivities recognised as legitimate by the state, into the plethora of policy-making sites in the increasingly complex state apparatus. This development paralleled the formal liberal democratic representative institutions, the industrial forums, and the (increasingly less class-based) party system (Wheeler 1983, 22).

However, this development tended to exacerbate the growing state steering problems. Caught in an ever-increasing cycle of demands and proliferating areas of responsibilities, state coordination had become even more complex and inefficient. This state of affairs was in turn criticised by organised collectivities, reflected in an increasingly volatile electorate. Meanwhile the funding of the ‘responsible’ state was being threatened by uncertain national economic performance as the international economy since the early-1970s had been faltering. In this context, the increased risk of social instability was of concern to policy-makers intent on maintaining social cohesion and national economic performance in a rapidly transforming international economy. By the late 1970s, governments informed by the conservative liberals of the New Right took public office, and began to build a new era in governance (Offe 1984, 147-57; Mishra 1990, 1-8).

Neo-Liberal Governance
Historically, liberal democracy emerged out of contestation of power between contending powerful groups in society and was not originally intended to be universally inclusive. Inclusion was premised on notions of those having a ‘stake’ in the system, notably property owners who consequently would engage ‘responsibly’. Throughout the 20th century, conservative liberals expressed concerns about the impacts of universal franchise on liberal democracy, in particular the failure to maintain the economy and politics as separate domains and the centralisation of power in the state that ‘belonged’ in the margins of private sector, community and individual. They were strongly critical of the ‘socialist’ KWS, including the dual economy and the ‘unproductive’ public sector. They were very concerned about what they saw as loss of ‘freedom’ through an increased array of ‘intrusive’ state regulation in the private sphere and private sector, and the creation of a demanding and dependent citizenry who had increasing expectations of the state supporting them ‘from the cradle to the grave’ (Marginson 1997, 73-82; Segalman 1989-115-19).

Their political ascendency reflected the failing of the KWS in the context of a restructuring global economy which rendered national economies more precarious. This development seemed to provide an opportunity for ‘rolling back’ the welfare state. However their efforts in this direction in the late 1970 and early 1980s failed as pressures from collectivist politics against this were too strong (Pierson 1996, 7-8, 165). Conservative liberals had well understood the principle of ‘policies creating politics’, and recognised that collectivist politics had to be challenged as a pre-condition of implementing their policies. That is, a changed political culture was deemed as necessary to undermine citizen habituation to collective politics.

The popular critique of the KWS as insufficiently responsive to the diverse polity provided an opportunity for legitimising conservative liberals’ concerns about the ‘responsibilities’ foisted onto the state by an irresponsible polity over the 20th century. Notions of ‘freedom of choice’, ‘flexibility’, and the ‘active’ individual have become hallmarks of the new reform rhetoric (Williams 1996, 249-53). In so doing, emphasis is shifted from distribution issues and placed more strongly on ‘participation’ and ‘inclusiveness’, and the domain of the margins. However, this is a ‘re-individualised’ margins, where collective political actors such as unions are deemed as inhibiting ‘freedom of choice’ and ‘flexibility’ through their mediating collective practices and thus considered to be an inappropriate means of political inclusiveness. Accordingly, over recent decades has been a strong trend towards ‘de-regulation’, particularly in the areas of industrial relations and commercial activity. In its place is posited the ‘active’ individual, apparently unencumbered by the baggage of regulations ‘coerced’ upon the state over the 20th century by collectivist politics.

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The governance rationale in this new context is ‘steering at a distance’, to provide an indirect link between an increasingly de-regulated environment and the responsibilities of the state in welfare outcomes (Brennan 1998, 124-137).

In early 20th century, the labour movement had recognised that private versus state ownership was not necessarily a key issue provided an appropriate central (state) regulatory framework governed all private and public enterprises. The dual economy of public and private provision of goods and services emerged, with the private sector subjected to a degree of regulation over industrial and other issues. By the end of the 20th century, conservative liberals came to a similar view, this time recognising that goods and service production and delivery currently provided by the state could be safely transferred elsewhere provided the state maintained the appropriate steering processes to satisfy public demands for democratic accountability. Thus the rationale of ‘steering, not rowing’ emerged as a guiding principal of state governance. That is, the state off-loads many of its responsibilities to the private sector, community sector, and voluntary sector and to individuals, while it continues to steer through appropriate regulatory frameworks (Brennan 1998, 124-37; Chalmers and Davis 2001, 74-85).

Marketisation is the key to this process. Marketisation is an organisational rationale for producing and allocating goods and services (Considine 1996; Brennan 1998). It is premised on competition and a complexity of market signals to create efficiencies and productivities in the production and distribution of goods and services, in contrast to a central planning and bureaucratically-dominated internal operating environment was recognised as inefficient. Marketisation thus has emerged as a growing organisational rationale in business, associated with economic micro reform policies of governments. The rationale of marketisation is also being transferred to the public sector, to shift it from a bureaucratic rationale to a market-based one. The language for expressing the conservative liberal margins is the language of the market, with notions of competition, service providers and service users, and consumer choice.

The marketisation process has contributed to quite dramatic changes to the operation of the public sector. While privatisation is the most obvious feature, more common has been organisational restructuring of work areas into financially discrete units governed by mission statements and performance reviews. This development facilitates tendering out, within the public sector and beyond it, to expose the work areas to competition with others seeking to carry out the work responsibilities (Brennan 1998; McGuire 1997). Successful tenders are subject to strict funding agreements and performance reviews, based on fixed contracts. The state accordingly minimises capital, resource and staff fixed investment, instead focusing on tying funding to the responsibilities with which they were charged by the polity. It also allows the state to side-step much responsibility and provides for a mechanism of rolling back the welfare state in a way less visible to public scrutiny and less open to the democratic accountability of formal liberal democratic processes.

This strategy also provides for a decentring towards the margins in production capacities. At the margins, steering is through regulatory regimes that rely on a plethora of audit strategies to both monitor and direct activity at a distance, and thus also play an important role in democratic accountability (Power 1999, 41-68). For instance, audit practices provide data for improving coordination of the complex processes for production and delivery of goods and services. They also play a role in linking demand and end-user satisfaction with the goods and services. In these and other ways, audit processes aim to connect all parties to the production and distribution process in a complex decentralised feedback system in an endless chain of continuous improvement. These are central to the new governance strategy aiming to achieve responsiveness, and in an active way that involves structured forms of communication between all parties involved.

In this changing policy context, the undermining of the role of traditional collectivised political actors is coinciding with decreasing labour market regulation. Unions are accordingly now acting in legislative environments that limit their action and impacts (Pierson 1996, 28; Standing 1999). Through new tied funding arrangements, traditional advocacy collectivities such as voluntary organisations are at greater risk of compromising their state funding if they choose to continue their advocacy role (Eddy 2004). Citizenship-based collective political actors are being re-constituted as ‘stake-holders’, thus limiting inclusion to the commercial and non-commercial interests deemed to have a ‘stake’. The ‘stake’ around which stake-holder ‘consultation’ is conducted is framed within parameters established by the state which delimit what can legitimately be included.

While formal liberal democratic processes persist,
collective action relatively free from state control is in decline, and governments have been able to shift more responsibilities away from their direct charge. Thus the locus of welfare provision is shifting from the state to elsewhere: the market, the community and the individual (Ryan 2001, 105-107). In so doing, the domain of democratic practice is being individualised, where individuals assert ‘choice’ in market terms rather than as a citizen. Workers are being manipulated into individual rather than collective workplace agreements on the assumption they can freely negotiate their work contracts with employers. Through audit processes as mentioned above, ‘consumers’ feed market signals to providers. Through formal liberal democratic processes the individual voter registers preference for party platforms on offer. In a context of reduced and marketised state provision and tax cuts, consumers exercise direct consumer power at supermarkets, in choice of medical services, and telecommunications carrier. Welfare outcomes are thus now the responsibility of the individual who negotiates their own choices; while the state’s role is the watchdog to ensure opportunities for ‘choice’ on these terms prevail.

These developments might constitute a more ‘responsive’ form of political inclusiveness, however they are not necessarily the political inclusiveness sought by active citizenship. Instead, these are deeply politically conservatising political practices which de-legitimise collective claims of ‘justice’ in favour of individualised practices of ‘freedom of choice’. This accordingly constitutes a sanctioning of inequality as a valid outcome of individual freedom, and a retreat by the state from responsibility in issues of welfare.

References
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