

Post-growth Public Services

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*... never before our own time were markets more than accessories of economic life.
As a rule, the economic system was absorbed in the social system....¹*

Summary

Many want to see public services – health, education, police and courts, social services etc – not cut during the current crisis, and hope for scope for better services in the future. And most of the campaigners against public austerity expect to be able to pay for no cuts by growing the economy.

Most greens campaign both against austerity and are also sceptical about growth. How then will public services be paid for? Beyond swingeing tax increases, is there any way out of this dilemma? This report explains how better public services are possible in a smaller economy.

If real GDP remains flat, if health spending continues to increase by the trend rate of 4% pa since the formation of the NHS, and other public services are simply maintained in line with expected population growth, overall taxation would have to be increased by around 5% of GDP by 2020-21 to about 44%. That might be possible, but in a further ten years a further X% of GDP would be required. Public services as currently constituted cannot go on expanding forever in a zero-growth economy.

The report considers the nature of public services. Public services consist in doing the things that we have to do because we are not the perfect workers and consumers found in economics text books. We have bodies, an unproductive youth, sometimes commit crimes, health problems and a dependent old age. Moreover, historically, these things have been done by women outside the market and often in the household, with some voluntary or charitable provision. Transfer to the state followed up by marketisation has led to the creation of *fictitious commodities*, and so to a false culture of consumer rights.

So what is to be done? The report argues that there is no single way of solving the problem, and that we need a combination of policies:

- accepting that we may need to devote a higher proportion of GDP to these services and pay more taxes;
- accepting that the biggest single component, health expenditure, cannot grow at 4% per year forever, and that we should spend much less on keeping the very ill alive for usually just a little bit longer;
- understanding the essentially different nature of public services, and that they cannot be treated as commodities
- from which it follows that marketisation and privatisation is pernicious, and should be reversed, quite apart from not delivering efficiency gains;
- the services should be localised and all put under democratic control;
- understanding that the willingness of people voluntarily to give of their time to public services is undermined where others are profiting from them, and finding ways to encourage greater voluntary participation;
- ensuring that such greater voluntary effort falls equally on men and women;

- fostering a new growth in voluntary civil society organisations.

Conventional ways of thinking about public services

Scope of public services

So what are public services? What should this report be about?

There has been much debate about what services *should* be public; prior to the 1980s in the UK most would have regarded public utilities like electricity, telecommunications and water as public services, while now all of these are provided at market prices (or in some cases regulated prices) by the private sector. Others are pressing for what most regard as the quintessential public service, the NHS, to become private. There is little theoretical help; one definition of public services is as those services ‘considered as so essential to modern life that for moral reasons their universal provision should be guaranteed,’² which is of little practical help.

For this report I propose to be pragmatic; I will regard as public services those things that in the UK most people think of as public services. Thus health, the fire service, education and social services, including elderly care are clearly public services, as are more local services like street cleaning, rubbish collection, libraries and public parks. A broad definition of public services might include welfare, in the sense of payments made to individuals for things like pensions and unemployment benefits, but I shall exclude it, not least because welfare has already recently been treated in some depth by an earlier Green House report.³ And welfare payments are largely used to buy things, like food, and not to provide services. Similarly, although many would regard public transport as a public service, together with providing infrastructure like roads, ports and airports, we will be dealing with transport separately in a later paper in this series⁴ so it is omitted here. While the response to crime in the form of the police, the courts, prisons and the probation service clearly is a public service, most people would not regard defence and the intelligence services as such, mainly I think because people do not experience them as serving them personally, and so they are omitted. Similarly, the parts of the government whose functions are essentially regulatory, such as the planning system, the Health and Safety Executive, or the Environment Agency, are not here treated as public services.

The BBC is both by definition and public perception a ‘public service broadcaster’ and so should by rights be included. But it is a very special case, because of its unusual funding system and delicate political relationship to the government, and is also financially a relatively small public service, and it is not treated here. Housing is a more difficult exclusion, but once again because it raises issues that take us far beyond the core issues affecting public services, and is more about access to certain assets and land rather than the provision of a service as such, it is not covered here.

So we end up with following scope for this report:

Health
 Fire service
 Education
 Social services, including social care
 Local services like parks, libraries, street cleaning and domestic waste collection
 Police, courts, prisons and probation.

Public services and government finances

There are two main areas of debate about public services – questions of money and questions of organisation. The coalition government is seeking to spend less on public services to help reduce the deficit, and is simultaneously pressing organisational reforms, and in particular greater introduction of market forces and privatisation. This first section deals with expenditure.

The Government set out its medium term plans for public expenditure in its 2010 Spending Review.⁵ This set out in broad aggregate terms the amount each government department would be expected to spend, split into budgets that were to be fixed over the period, and budgets, called annually managed expenditure, that it is not realistic to control over the medium term. While the annually managed expenditure has been modified since 2010 (the major items are welfare expenditures and debt interest), the departmental expenditure limits have not changed since 2010, and will be reviewed in the next Spending Review.

Most of the expenditure on the list of public services in the previous sub-section is contained in Departmental limits and is not managed annually, and so the 2010 Spending Review figures are used as the basis for the government's intentions here. The figures from the Spending Review are highly aggregated, and they have been split into four main blocks in the following table:⁶

Public services planned spending
 (2010 real terms £ billion)

| | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|---|---------|---------|---------|---------|---------|
| Health | 102.8 | 102.7 | 103.4 | 104.7 | 106.0 |
| Education | 60.7 | 57.3 | 56.7 | 55.9 | 56.2 |
| Police and justice | 22.2 | 21.0 | 19.8 | 18.9 | 18.3 |
| Other (fire, social and local services) | 49.1 | 44.3 | 42.6 | 42.7 | 41.5 |
| Total spending on public services | 234.8 | 225.3 | 222.5 | 222.3 | 222.0 |

On the face of it this doesn't look too bad. Real health expenditure rises, albeit slowly over the period,⁷ and while there were substantial cuts in 2011-12, expenditure on public services overall simply levels off.

So why is there a problem? We could simply stick at 2010-11 levels by spending an extra £7 billion by the end of the period, and raising the £7 billion, about 0.5% of GDP, from taxation. Or, even paying for the extra health services, raise an extra £10

billion in taxes and keep all the rest of the public services level. The level of taxation as a proportion of GDP has been fairly steady at around 38% in recent years up until the 2008 crisis, and an extra once and for all 1% is no big deal as compared to the much higher levels of taxation in the later twentieth century.⁸ The financial crisis for the public services considered here is no more than a challenge to the current political class's obsession with never being caught raising taxes.

But perhaps it is not quite as simple as that because of rising demands for public services (especially health) due to demography, differential rates of inflation, and, more subtly, an expectation of growth and progress.

The simplest and most pervasive long term factor driving increasing demand for public services is population growth. Over the next 20 years (2012-2032) the population in England is predicted to grow by 8 million to just over 61 million, 4.5 million from natural growth (births – deaths), 3.5 million from net migration,⁹ that is at about 0.7% per year. So just to keep public services expenditure equal to the 2010-11 level *per head* by 2014-15 demands about £20bn more than the £222 billion currently allocated. Population growth of course is not inevitable, depends on policies on birth control and immigration, and could be reduced as a matter of policy. Moreover, it is arguable that with population growth will come at least economic growth in GDP at the same level; more people will promote more economic activity meaning economic growth, and that this would result in creased tax receipts balancing the additional costs. But I have argued elsewhere that material constraints on the UK economy will constrain the *overall* size of GDP from around 2020 onwards.¹⁰ If growth in overall GDP is limited by a finite planet, then public services are caught in a truly Malthusian population defined vice in the longer term.

But the big projected increases in public service spending come in the biggest budget, health. The population is aging. Because older people demand more of health services, this alone translates into an annual cost increase for the health service as a whole of around 1.2%.¹¹ Second, technology is continually providing new, and often more expensive, drugs and treatments. Clearly the issue of how far these are adopted is a matter of policy, and already there are often disputes about treatments that have not been universally adopted. Taken together the previous history of the NHS has been a history of remorselessly rising real expenditure: average annual real spending has increased by around 4 per cent over the lifetime of the NHS: during the 20th century the average was 3.5 per cent, and in this century 6.6 per cent.¹²

So with health increasing at say 4% per annum in real terms, and the other components of public services growing simply with population at 0.7% we get the following costs for public services up until 2020:

DRAFT OF 31 JANUARY 2013

| Year | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2020-21 |
|-------------------------------------|---------|---------|---------|---------|---------|---------|
| Health | 102.8 | 106.9 | 111.2 | 115.6 | 120.3 | 152.2 |
| Other public services | 132 | 132.9 | 133.9 | 134.8 | 135.7 | 141.5 |
| Total public services | 234.8 | 239.8 | 245.0 | 250.4 | 256.0 | 293.7 |
| 2010 Spending review allocations | 234.8 | 225.3 | 222.5 | 222.3 | 222.0 | 222 |
| Deficit | 0.0 | 14.5 | 22.5 | 28.1 | 34.0 | 71.7 |
| Defecit as a percentage of 2010 GDP | 0 | 1.0% | 1.5% | 1.9% | 2.3% | 4.9% |

In other words by the end of the spending review period in 2010 the spending review implies an overall cut of £34bn, that is around 14% in public services overall, and by 2020 a £72bn cut, that is around 31%, equivalent to 5% of GDP. Pushing forward a further 10 years would require a further X% of a fixed GDP.

Thus despite figures that overall suggest public services expenditure remaining pretty much flat in real terms, demographic and medical pressures mean that the services face substantial real cuts. This seems much more consistent with the overall level of pain that public service recipients are complaining of.

However, it is also surely likely that expectations of growth affect peoples' outlook in the public services as much as everywhere else. Growing services offer new challenges and possibilities for promotion. We have had growing services for years, and that is built into the career expectations of public service workers. Even if public service spending was suddenly fixed to correspond exactly with demand in real terms, providers would complain of cuts as the accustomed new opportunities dry up and promotion opportunities narrow. Public services would need to make the transition to becoming a mature industry,¹³ and that will raise challenges for management and staff morale here just as it has done elsewhere.

Public service reform

Now let us turn to the organisation of public services. UK Governments in recent years have regarded public services as an organisational problem, not as something the government should with pride provide to a delighted populace. Gone are the days when public services were left to generally well motivated and usually reasonably well paid public servants (unless they were mainly women, like the nurses) – teachers, doctors, nurses and policemen – to provide as they thought fit, while guided by the 'public service ethos.' Grateful users of the services have been transformed into customers demanding their rights. The public service ethos of course still exists, but it has been battered by years of constrained funding, targets, top down initiatives, competition and privatisation. And the politicians have nevertheless felt frustrated: Tony Blair once famously complained of the 'scars on his back' from trying to secure public service reform.¹⁴

The present coalition government has set out its vision for the public services in a White Paper.¹⁵ It regards the overall problem of public service standards (with no real

evidence that there are poor standards overall – a very few shocking cases do not amount to a more general problem) as follows:

‘the cause of poor standards in the public sector is not a lack of resources, nor is it low expectations from citizens, a lack of passion from public sector workers or the absence of ambition from successive governments. Rather, it is an outdated approach to organising public services that is out of step with the way we live now.’¹⁶

The overall solution is to dispatch as much of the provision and some of the cost of public services to the private sector as soon as possible. One can be forgiven for thinking that this is the real purpose of the exercise, rather than problems with standards or organisation as such, and concealed in the bland phrase ‘*out of step with the way we live now.*’ The White Paper sets out five principles for doing this:

*‘Wherever possible we will increase choice.
Public services should be decentralised to the lowest appropriate level.
Public services should be open to a range of providers.
We will ensure fair access to public services.
Public services should be accountable to users and to taxpayers.’¹⁷*

In practice this means increasing competition and bringing in private providers, which as an act of faith will both save resources and increase customer satisfaction. This approach has been welcomed by the Confederation of British Industry (CBI) who have called for ‘open access’ to public services for the private sector.¹⁸ They claim that productivity improvements of 11% could be achieved by this opening up, which if true would go some way to meeting the resource issues identified in the previous section.¹⁹ We will address this in more detail in the next section. Voluntary sector providers, whose position the government in theory champion, have sought a procurement approach that is more likely to protect their interests, by seeking greater influence over the design of services.²⁰

There have been two main lines of opposition to this approach. The first has been to say that the essential problem is money, that traditional public service organisation is fine, and that the important political response is to fight the cuts, increase equality of access to public services and oppose the introduction of the market and privatisation. The principal proponents of these views have been the public sector unions, which now dominate the TUC. Asked how the increased funding is to be found, the main response is to say that the cuts are unnecessary and can be avoided by stimulating the return of economic growth, increasing and making taxation more effective, and, like the previous Labour government, not seeking to close the deficit so quickly.²¹ This is in many ways (apart from its crucial reliance on growth) an excellent case, but its political traction is undermined by the objection that it is principally about public service workers protecting their position.

There is a second line of opposition, which focuses perhaps more on how public services are organised, while accepting that funding for public services is likely to become more constrained. A good example of this point of view is the Final Report of the Commission set up by the Public Services Trust, which starts from a position

fundamentally more sympathetic to public services than the current government.
They seek

*'a new settlement for public services ... based on the principle of social citizenship. As citizens we should have a duty to contribute as well as a right to receive support – responsibility and reciprocity are essential characteristics of a more resilient society.'*²²

Their detailed policy prescription includes a shift in culture to involve the users of services more directly, a shift in power from Whitehall to local users and a shift in finance towards greater transparency. This sort of approach has received some support from the Labour opposition.²³ We will pick up on some elements of it, but think that it accepts the underlying commodification of public services which lies at the root of the trouble.

The myth of private sector efficiency

The principal overt justification for the government's marketisation and privatisation policy (and essentially the same policy was promoted by Labour) is that it will increase efficiency, and so lower costs by delivering more for less. This seems to be an article of faith; no evidence for it is given in the White Paper. No one would deny that some public services (and wider public sector organisations) have been run inefficiently in the past, but others have been run well, and good management is not the exclusive preserve of the private sector.

Some arguments for this. Cost versus outcomes in the US versus the UK health service.

PFI examples

Cost of private education vs public

Maya said And some quick thoughts on your proposition. My feeling is that there is still a significant difference between the two parties, though they may be agreed on markets, as Labour believed in good public services and was willing to spend money on them, but thought they could be provided by the private sector. The Tories take the view that good public services are a luxury we can't afford. The public seems to buy the Tory view at the moment, and Labour isn't brave enough to challenge this. So I think there are two questions here which Lab has failed to address and for us to work on: whether private provision and markets increase or don't increase efficiency, and whether we can afford good public services. I know some take the view that relying on private provision and markets is so inefficient that this stops us being able to afford good services, but my feeling is that there is still a way to go before the public accept this.

[Costs of PFI and reference to Allyson Pollock's work.]

[There's a real issue of decent evidence about this, if anyone knows of any please let me know. It's mainly assertion, or a priori argument on both sides]

A Green approach to thinking about public services

Public services serve our bodies

In the survey above on the current debate on public services, it is fairly clear that there is nothing particularly green about the current debate. The organisation of the services, privatisation and competition or public provision and cooperation and their effects on efficiency, the idea of co-production, even debate as to what should be provided, are all well within conventional political discussion. Even green scepticism about whether the economy can continue to provide a GDP growing in real terms to support expanding public services is in a way an indirect effect. Its implications are serious, but it does not in itself say anything fundamental about public services themselves.

Yet there is an important and fundamental connection between public services and some quite deep ideas within ecologism. A basic idea in ecologism is that our politics must never lose sight of the fact that we are animals, with bodies, embedded in nature. Environmentalism perhaps emphasises the ‘embedded in nature’ part of this, but we should not forget also our physical, embodied nature. Ecofeminists have emphasised the point that the fact that we have bodies is something that is far more fundamental for women than for men, and that it is this that essentially links ecologism with feminism. It is women who give birth, and largely care for children, the old and the sick. It is mainly women who have provided the basics of food and shelter that our bodies require. Men often engage in pursuits that seek to transcend our embodied nature, engaging in status competitions which though they may have material implications (the large car, the corporate jet), are essentially cultural rather than material.

What is this to do with public services? Well suppose for a moment that we were created as not as children but as perfectly functioning workers (and capitalists for that matter), that we set off from birth functioning in the economy, and that upon retirement we just vanished. Suppose too that we didn’t need food, rest or shelter, and were never testosterone fueled young men bent on crime and adventure, all consequences of our physical, biological nature. Nor are we men and women. In such a world – which is incidentally the world of the idealized individual in conventional economics text books – we would not need education, police or health services, perhaps we would not need public services at all. For public services are a response to the very fact that we are embodied human animals, not simply participants in an economic process. The different public services correspond very much to stages in this animal’s life cycle

- as babies, we and our mothers need care and sometimes health services
- as children we need care (at the most basic provision of food and shelter, but also love) and primary education
- as adolescents we need education, and socialisation
- as youths, especially if we are male, we attract a quite disproportionate amount of the time and attention of the police and the courts

- in adulthood we require little from public services, unless we are disabled either in terms of our bodies or our social functioning
- in old age we draw disproportionately on health and care services.

To put it another way, our material lives divide into three main parts:

- things we need or do for each other because we have bodies and are embedded in the natural world. This includes food, caring for children and old people, caring for the sick and disabled, reproducing, basic shelter
- things we do or provide to support our wider, universal but necessary social and cultural life as animals, primarily learning language and behaviour (including socializing young men in particular)
- things we do or provide that contribute to a wider but contingent social life, including living in a socially marked dwelling, eating prestige food, driving a faster car, holidaying in the Bahamas, using an iphone or wearing a big pink ruff, or receiving an education that marks social hierarchy or confers elite skills.

What we think of as public services (health, education, social care, dealing with crime) fall mainly into the first two groups while the traditional market economy is about the second two groups.

Public services are gendered

But now let us return to ecofeminism. Care of our bodies – what we now see as the essential core of public services – has traditionally been the concern of women, and women within the household and outside the market. Before the industrial revolution there were no public services as such. The central state confined its activities to three main spheres, warfare, controlling the currency and weights and measures, where the last two were basic to making the market economy possible. And even after the industrial revolution, public services were quite slow to make their appearance, with a comprehensive system being put in place in the UK only after 1945.

Before the creation of the welfare state, much of this activity took place at home and was done by women. More specialised activities like anything more than the most basic education and healthcare, were provided by charities, friendly societies and before that, in the Middle Ages, by the church.

What has happened in the twentieth century has been that many of these services (but by no means all) have been brought out of the household and voluntary sector and have become public services. This has been associated with far more women in employment as their work in the household has declined. It is perhaps not entirely surprising that large numbers of women work in the public services.

So, to put it very simply, one way to reduce the demand on public services is to return more of this work to the household. We'll turn to the ways and means of doing this below, and how in particular to do so without losing the gains made by women over the past one hundred years, but we might first reflect just a little on its desirability.

[Answer to the ‘so what’ problem – it is why public services are important, and neglecting them is on a par with neglecting the environment. It’s moral, not factual.]

Public services as fictitious commodities

Before moving on, there is a further thing to understand about public services which affects their very nature, and which underlies why the introduction of the market and privatisation is inappropriate and dangerous.

Writing in 1944, Karl Polanyi identified labour, land and money as fictitious commodities.²⁴ By this he meant that they had far wider functions than having the essential attribute of a commodity, that is being produced with the intention of being bought and sold, and that treating them solely as commodities placed the social fabric under intolerable strain. Thus treating people simply as a source of labour leads to exploitation, slavery and worse. Treating land (and Polanyi recognised that this applied to a wider idea of land as encompassing all of nature) as a commodity leads to destruction of the environment and the destruction of our means of subsistence. Treating money as a commodity, that is concentrating just on seeking a return through interest rather than preserving its other function in facilitating transactions, leads to financial instability. Thus while the market inexorably seeks to treat these things as commodities, society has to regulate these tendencies to protect the fundamental underlying importance of each of them.

My contention is that the underlying activities that make up public services are also fictitious commodities. Nearly all of them involve personal care of one person by another, or group of others. In their origins the motive for that care arose from love or duty, and normally it has a long term and unconditional aspect; your mother will always be there for you (and it is normally your mother) and in most societies as you age your daughter (and it is normally your daughter) will look after you. Your teacher is a fairly permanent person in the extended perception of time of a child, and is the source of far more than purely educational attainment. The firefighter who rescues you from a burning building is not just offering a ‘get you out of a burning building service’ but may, and often does risk their life to do so. None of this activity is in essence creating a service for the purpose of buying and selling it; instead it is activity which expresses our love for each other and our social solidarity.

Yet buying and selling is exactly what is required by the commodification of public services which is required for privatisation. Services have to become chopped up, boundaries erected around them, and they have to become time limited. The human relationship between the provider and customer is sundered. The market demands ever more division of labour in this sphere as any other, and so we see increased fragmentation, and less willingness to see the person or situation as a whole. Preventing this kind of simplification is one reason why these services were moved not from the household into the market, but from the household into the new area of the public services.

People instinctively understand that healthcare and education are not the same as commodities like a can of baked beans or even a service like a holiday in Ibiza. They

are prepared to pay 50% more for public services if they are publicly funded than if they are privately funded.²⁵ This is because people know they are getting more than 'just the service' when provision is publicly funded. They are getting a common experience, a sense of the collective, a sense of security, of predictability, of a commitment to the future, of a link between the present and the future, or a picture that's attractively bigger than a series of commercial transactions in which care (in the widest sense) is sold to the lowest bidder. People like this kind of thing.²⁶ It is perhaps not surprising that the Kings Fund have found that relational aspects of care are the core drivers of satisfaction.²⁷

Public services are not rights

There is one further aspect of the move of these services into the market which deserves consideration. Much of the language which is now used to talk about public services is the language of rights. If I have heart disease, and the treatment will be beneficial to me, I have a right to a publicly funded but extremely expensive heart by-pass operation. If the surgeon bungles it, I have a right to sue. Once my local council decides to provide a pavement out side my house, I can sue if a paving is loose and I trip over. Old people have a right to a certain standard of care, which begins to be prescribed with mind numbing tick box regularity, counting the obviously physical like food and drink, but ignoring the tastiness and cultural significance of the food, or the need for warmth and companionship. Education becomes a matter of specified material to be learnt, of rights to access certain specified certain forms and tests. Creativity, individual nuance, and all too often, music and the arts are lost. So is any sense of the long term and of commitment. Moreover, not only is the immeasurable lost, but those delivering public services become defensive, wasting time on procedures and fearing censure, rather than applying cheerful commonsense. And casting services as rights makes it easier for the pushy, articulate and middle class to get more than their fair share, creating the inequalities.

Where has this obsession with rights come from, and is it appropriate? It is essentially because of the transfer of the logic of the market into a sphere of activities for which the market is not appropriate. In a market transaction I hand over my money and in return get a legal right to the commodity specified – and the commodity, whether goods or services, normally comes with precisely specified boundaries²⁸ so that it is clear what I have a right to. Now public services are not normally pure market transactions, but have come to seem as such. I pay my taxes and so I am entitled to that by-pass or cancer drug. What has happened is that the humanity has been ripped out of the interaction; it has become a mere transaction.

With the assertion of rights there has come an obsession with choice, though there is little evidence that people actually want choice. There is of course little choice in the household about how care is provided, but choice is needed in the market model as it is the only way in which we can deal with a service with which we are dissatisfied; appeals to a providers' moral sense or filial duty are likely to fall on deaf ears. In fact choice is fairly limited, especially outside the big cities, and it is a fairly nonsensical notion where law and order is concerned. Like 'rights', one of its insidious effects is to undermine equality of access by giving a weapon to the pushy middle class.

Policy conclusions

The overall approach

So how are we to approach this crisis in the public services, taking account both of the short and long term funding crises and our analysis of the essential nature of these services?

No single policy prescription is adequate to the task. We need to consider at least the short term funding crisis and an immediate response to the cuts. Then we need both to consider *what* is delivered, and *how* that is done, including in particular how far services need to be delivered by publicly funded services as such, and how much can be done by better supported households and by voluntary organisations, recognising that these services are not commodities.

The economic context

But first we need a little groundwork about the economy all this will happen within. We have mentioned above the quantitative constraint of an economy without growth. However there are important qualitative differences between our view of the future of the economy and the conventional one which have an important bearing on the delivery of public services.

First, working hours will be much reduced, principally to share work around and prevent unemployment.²⁹ At present sources of informal care are shrinking,³⁰ and the major cause of this is that we are working too hard, and spending more and more time travelling to work. Reducing working hours and localizing the economy will allow informal care to expand. Second, the welfare system would be reformed to be based on a Citizen's Income.³¹ This will have two important effects. First, carers would be better supported and be able to seek small scale convenient employment without loss of benefits. Second, partly for environmental reasons, Citizens Income provides a powerful incentive to live in larger not smaller households – the latter is one perverse effect of the current benefit system where cohabitation in particular leads to penalties. Larger households can cope much more easily with care within the household.

Third, we anticipate that the economy will be a great deal more localized.
[consequences]

We could pay a bit more tax in the short term

[a passage showing that getting the rich to pay a bit more tax, and actually pay what they are meant to pay will solve the short term problem. Some international comparisons to show that that is not ridiculous.

But accepting there is still a longer term problem]

[plus a little bit on using local currencies to fund services]

Making public services public

[why marketisation won't work based on the nature of the services. The possibility of well run responsive public services]

Not doing quite the same things

[In health moving to public health and prevention. And accepting that we won't strive to keep very ill people alive for a few more weeks

| Behaviour | % affected | COSTS TO NHS £ bn |
|------------|------------|-------------------|
| Obesity | 26% | 4.2 |
| Inactivity | 61-71% | 1-1.8 |
| Smoking | 21% | 2.7 |
| Alcohol | 6-9% | 2.7 |

From <http://www.kingsfund.org.uk/time-to-think-differently>

Older people with care needs will increase by 61%.<http://www.kingsfund.org.uk/time-to-think-differently>]

[In education cease compelling unwilling adolescents to attend school, where they cause disruption and so make the whole system more expensive.]

[in prisons by moving to restorative justice and spending an awful lot less]

[by accepting that lots of recreational local services – parks, libraries, sports grounds, arts centres – can often be run independently from local councils, based largely on voluntary effort.]

Doing more at home

[more time. People's preferences. Women and men – the biggest single problem is how to make men do their share. Traditional public services have been liberating for women. This is all fine in theory but.....

[While people appreciate public services, they often don't like being taken over by them. Most hospital patients yearn to get home, yet often are stuck in hospital because simple care at home is not available. The home environment is still the best predictor of educational success [ref needed], and in the end that depends on the time that parents have available to spend with their children. Many bad things flow from a lack of care in infancy, and many parents still believe it is better to bring up children at home rather than rely on nurseries and child minders. Few old people want to go into a home. They want help, but they want independence at home. People with disabilities look back on the old days of long term institutional care, and hugely prefer

the more modern emphasis on living independently. In short, public services are often a second best to doing it ourselves at home.]

Localisation and democratic control

Co-production and engaging wider voluntary effort

[Extreme form of suggestion that older people should volunteer or have their pension cut³²]

[Voluntary contribution through timebanks, NESTA, but isn't this marketisation?

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Endnotes

¹ Polanyi 1944, 71.

² Wikipedia 2012.

³ Heatley and Scott Cato, 2011.

⁴ [ref]

⁵ HM Treasury 2010.

⁶ This has been constructed from Tables A3 and A4 in HM Treasury 2010. The Health and Education lines are simply the aggregates of those lines in those two tables. A line for Police has been taken from Table 1 in HM Treasury 2010, and added to the Justice lines in A3 and A4 to get the Police and Justice line here. Finally, the other line consists of the CLG Local Government and Locally Financed lines from A3 and A4 less the expenditure on Police. Finally the figures have been converted to 2010 real terms by using the GDP deflator figures in the 2012 Autumn Statement. The table applies to non-devolved expenditure only, and does not include any of these functions carried out by devolved administrations in Scotland, Wales or Northern Ireland.

⁷ A real increase for the NHS every year was a major Conservative election promise in 2010 (Conservative Election Manifesto 2010 p. 45).

⁸ Ref needed.

⁹ See <http://www.kingsfund.org.uk/time-to-think-differently/trends/demography>.

¹⁰ See Heatley 2012.

¹¹ [Figure we used for 2010 election manifesto and it must have come from somewhere.]

¹² Data from the Kings Fund at <http://www.kingsfund.org.uk/time-to-think-differently/trends/economic-pressures/historic-trends-health-care-spending> accessed 4 January 2013.

¹³ See Hugh Small's Green House Gas on mature companies at [ref].

¹⁴ See for example http://news.bbc.co.uk/1/hi/uk_politics/388528.stm accessed 2 November 2012.

¹⁵ Cmd 8145, 2011.

¹⁶ Ibid 7.

¹⁷ Ibid 8.

¹⁸ CBI 2012

¹⁹ CBI 2012, 5.

²⁰ Blackmore 2006.

²¹ TUC 2010, 13.

²² 2020 Public Services Trust 2010, 6.

²³ See for example David Miliband at

<http://www.guardian.co.uk/commentisfree/2012/oct/17/the-treasury-doesnt-know-best> accessed 2 November 2012.

²⁴ Polanyi 1944, Chapter 6.

²⁵ See <http://www.ianbirrell.com/nhs-privatisation-fears-grow-up/> accessed 1 January 2013.

²⁶ I'm grateful to my Green House colleague Andy Dobson for this paragraph!

²⁷ See <http://www.kingsfund.org.uk/time-to-think-differently> accessed 13 January 2013.

²⁸ OK, there are services where quite what you are getting is less clear, which is probably why private doctors, lawyers wisely charge by the consultation rather than for specific results.

²⁹ Ref joined up economics

³⁰ See the Kings Fund at <http://www.kingsfund.org.uk/time-to-think-differently> accessed 13 January 2013.

³¹ Ref welfare paper

³² Bichard in <http://www.bbc.co.uk/news/uk-politics-20044862> accessed 25 October 2012.