

CHAPTER ONE

Freed to Pursue a New Illusion? The New Privatization of Social Services

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Introduction

The debate in the OECD countries on the development of social welfare services since the 1980s and 1990s has been characterized by the increasing dynamism of private service delivery organizations (Handler 1996; Kamerman & Kahn 1989; Otto & Schnurr 2000; Sack 1995; Salomon 1995; Rathgeb Smith & Lipsky 1994). In contrast to a wealth of conceptual contributions, there are relatively few empirical studies that demonstrate the real extent and consequences of the privatization of social services. This paper proposes a systematic basis for further empirical studies. It is clear that managerial instruments revolve around 'more market and more competition'; that the relationship between providers and clients is increasingly being redefined as one of consumption; that the users of social services are increasingly being defined as 'customers' in a 'quasi-' or "pseudo-market" of social service delivery (van der Laan 2000: 89); that the former provision of 'services' is being increasingly replaced by a customer-focused 'demand orientation'; and that state institutions as the former producers of welfare services are being replaced by private service entities (Otto & Schnurr 2000: 3ff.).

Privatization ideologies thus appear to be ubiquitous. However, on closer inspection there is some indication that their presence does not reflect the real implementation of privatized service delivery structures.¹ It is precisely the yet-to-be-

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¹ A study of German youth welfare offices towards the end of the 1990s found that 21% reported restructuring

realized privatization ideologies that demand analytical instruments for the classification of these processes and accounts of possible options for socio-political development within different national contexts. A systematic analytical reconstruction thus needs to distinguish between privatization *ideologies* and *processes*, if we are to avoid a confusion of ideological and organizational dimensions.²

Two issues are central to any discussion of privatization: 1) anticipated behavioural changes resulting from privatization ideologies among all the actors involved in the field of social service delivery, i.e., the form taken by (socio) political rationalities, and 2) the extent of the privatization of social services so far, i.e. the form taken by institutional settings. Only from this framework can we systematically determine the socio-political options for contemporary systems of welfare production in different national contexts and identify further developmental possibilities.

To develop greater conceptual clarity about the privatization process we begin our discussion with an examination of the extent to which the privatization of social services since the 1980s should be understood as a historically novel phenomenon. We follow this with a discussion of a model for the comparative study of privatised social services on an international scale. We conclude with some general observations on privatization in the field of social service delivery.

The Privatization of Social Services : Is it a New Phenomenon?

Organizational development in the social services since the 1980s has been part and parcel of an extensive process of privatization that has transformed large parts of public organizations (transport, water and energy provision, and education) at varying

measures along the lines of the New Public Management, but that a further 41% plans of such restructuring (van Santen 1998: 37).

² Kamerman & Kahn (1989: 5) refer to this distinction as one between "conceptual and "phenomenal" dimensions, but they do not explore it further.

speeds and to differing degrees throughout the world.³ Increasingly, the privatization process encompasses the whole field of *public* service delivery in the OECD-countries.⁴ However, this should not obscure the fact that the privatization of social services does not constitute a historically novel phenomenon. On the contrary, we should assume that it is the extensive development of public structures of welfare and support up to the mid-1970s in the West and Middle-European welfare states that constitutes the historically exceptional situation.

The organization of social service delivery in the first half of the 20th century took place as a process of the public incorporation of what had formerly been non-profit, private organizations. During the development of social services in the 19th century, private institutions still played a central role. For example, Lundström (2000) has shown, in his analysis of the development of residential care in Sweden, that up until the 1940s more than half the beds were in the hands of charitable, non-government agencies.

In Germany, the first welfare regulations at the turn of the 19th century and the *Reichsjugendwohlfahrtsgesetz* 1922 established the equal status of government and non-government agencies. Most of the early forms of social welfare in the UK, for example Toynbee Hall in London, arose out of private initiatives, and in the USA the phenomenon of rising middle-class humanitarianism in the 19th century institutionalised the Charity

³ Hodge (2000: 27) speaks with reference to Kikeri, Nellis & Shirley of 6800 state enterprises sold worldwide up to 1991. Remarkably, only 170 of these enterprises were in OECD countries, suggesting that the privatization process is affecting the so-called developing or fast-developing countries to a far greater extent than the advanced industrial countries. The extent of the consequences of global privatization processes precisely for these states and the extent to which the OECD states are also participants in these process is indicated, alongside the privatization of former state enterprises in transport, energy and communication, that of such diverse areas as medicinal plants and electromagnetic frequencies. Since the 1990s US pharmaceutical companies have taken out patents on a large number of medicinal and otherwise useful plants in Afrika, Asia and Latin America, thus privatising centuries-old public traditions of usage. More recently, media enterprises have attempted to take control of access to the high frequencies along which an increasing part of global communication is taking place (cf the letter by 37 celebrated American economists to the 'Federal Communications Commission' of 7 February 2001).

⁴ This distinction between public and private service delivery is not to be confused with that between the non-profit and for-profit fields, both of which are here treated as private organizational forms.

Organization Society's 'controlled distribution of alms' (Katz, Doucet & Stern 1982).⁵

The privatization process that began to alter the organizational structure of social service delivery from the 1980s cannot, therefore, be seen as a completely new type of phenomenon. It should be understood instead as a process of reorganizing the relationship between public and private social service agencies.

Current privatization processes, seen in historical perspective, constitute a *re-privatization in a different form*, which is why we prefer to speak of the 'new privatization' of social services. Within this process, government administrations are converted from "producers of services" into "managers of services provided by others" (Salomon 1995: 207). Public as well as private service deliverers then find themselves in a 'quasi market'; they become competing actors within a competition around welfare production.⁶ The new privatization of social services thus calls into question internationally the tendencies towards de-commodification of western welfare regimes (Esping-Andersen 1993: 35ff). Individuals excluded by market logic (e.g., unemployment) are not seen as "a fault of the system, but solely a consequence of an individual's lack of foresight and thrift" (Esping-Andersen 1993: 42). This means that the privatization of social services extends a process of (re)commodification of services formerly guaranteed, and frequently also provided, by the welfare state.

Privatization of social services is characterized by a growing number of private providers. Public providers constitute merely another type of service delivery, and under a regime of comprehensive privatization, are threatened with extinction. Privatization processes can thus be described as processes of development from the 'welfare state',

⁵ There were developments paralleling the COS system in 19th century Britain, and in Germany in the "Elberfelder System".

⁶ The term 'quasi-market' is intended to capture the qualitative difference between competition in fields of welfare and commodity production. The 'customers' in the 'quasi market' of welfare, first, generally do not pay for the services they use directly or only in part; they are, second, largely not in a position to pay directly for social services and, third, in

through a 'welfare-mix-state', to the 'competition state' (Hirsch 1996). In addition, the changes effected by the privatization process within the diverse national welfare state regimes constitutes in this respect a new challenge to the various actors - government, service providers, professionals, and users - as the formal transformation of existing relationships between central state and local administrations as representatives of the public sphere, the organizations as *institutional frameworks for professional action* and the clients as *addressees of professional action* into a relation between state administration⁷ as *patron* (finance and performance control), the organizations as *service deliverers* and the users as *customers* of the services provided: the three-cornered contractual relationship emerges, but between *unequal actors* (Gilbert 2000). Controlling power remains in the hands of public administration as the financier, but actual service delivery takes place within the framework of non-profit or for-profit organizational units or as the outsourced arena of government agencies and the client as the real user becomes a 'customer' of social service delivery. The new privatization can thus be described as a form of *steered privatization*.⁸

In addition, the transformation of state regulation from political-administration service organizations into the organization and surveillance of service delivery leads to private actors -- e.g. the non-profit providers who generally used to be self-organised and accountable alongside the government agencies -- now being subjected to government monitoring within a 'quasi market' of social service delivery. At a quick glance the New Privatization is often described as a process to more autonomy for every single actor, but on closer examination it is obvious that the privatization of social services leads,

particular cases they do not use the services voluntarily.

⁷ The concept 'state' here refers to central, regional and local structures.

⁸ In organization theory, 'steered privatization' is generally seen as a principle of regulation of the 'purchaser/ provider-split' or the 'principal/ agent-relation'. However, this only takes place in the relationship between purchasers and providers, and the actual users of social services are not considered.

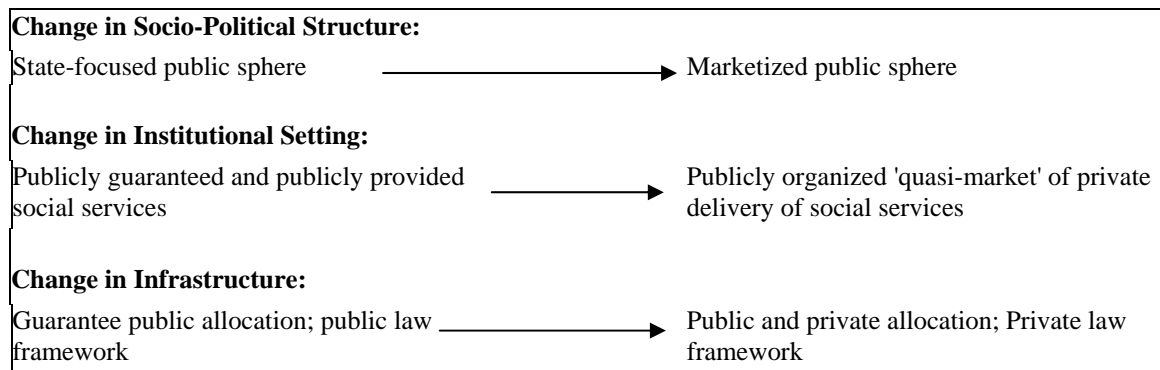
paradoxically, more to an extension than a reduction of state regulation, albeit a new type of regulation

The New Privatization of Social Services: A Definition

If the welfare state is defined as a form of mediation between the marketized private sphere and the legal-rational public sphere, the new privatization can initially be defined as a reorientation to the marketized private sphere constituting increasing distance from the legal-rational public sphere (Kaufmann 1997). **Figure 1** provides a schematic representation of the privatization process, showing the changes in the institutional settings and the infrastructure conditions of social service delivery.

This initial definition of the new privatization of social services clarifies the developmental *direction* of changes in current international privatization endeavours. At the same time, empirical references show:

Figure 1: Privatization of Social Services



1) One process of the new privatization of social services leads to an expansion of public laws, e.g. in Great Britain. But this new public law framework builds a space for new *private* actors, organised in the logic of the private law.

(2) Organizationally, the privatization of social services has been inadequately characterised as a one-dimensional transformation of social services which had formerly

been delivered by central or local government agencies into market driven structures; in a sense, the 'colonisation' of the social by the economic sector.

The current privatization processes realize themselves far more at the level of organizational units as differing *processes of transformation of various actor constellations*. Aside from restructuring of central and local government actors to market conformity, non-profit organizations in civil society are restructured as for-profits and government agencies are restructured as non-profit organizations. In addition, we can see that central and local government organizations shed parts of their responsibilities, and that the mobilization of non-profit agencies in civil society takes place in new areas of service delivery. This means that there are limitations to the assumption that the privatization of social services constitutes a linear development from central and local government institutions into for-profit organizations.

From the different perspectives of 'state', 'civil society' and 'the market', the process of organizational change underlying the privatization of social services can be regarded as having three transformative dimensions: 1) central and local government organizational forms in organizations of civil society, 2) civil society organizations into private organizational forms, and 3) central and local government organizational units into private sector organizations.⁹ We will illustrate the multi-faceted nature of the reshaping of organizational forms within the process of privatizing social services with three examples.

In the United States, the comprehensive *restructuring* of child welfare services in Kansas is being realized by private delivery agencies (Markowitz, 2000). In Sweden,

⁹This differentiation of the direction of changes in current international privatization endeavours still shows an analytical description. The empirical reconstruction could even make it clear that privatization means e.g. a process of re-organising For-Profit-Organizations as Non-Profit-Organizations. But our considerations base on the assumptions that all of these processes are connected to a unified ideology of privatization.

institutional care is being extensively *transferred* from government to private agencies (Lundström 2000: 245). In New Zealand's child welfare, the obligation of relatives to take in foster children has been reinforced since the early 1990s with the termination of the comparatively generous financing of foster placements in non-related families (Duncan & Worrall 2000). These situations support the argument that the restructuring of social services in the context of privatization should be understood as the direct colonization of the realms of state and civil society by the economic logic of the market. How is the economically-focused restructuring of social service agencies is to be explained? Does this 'economization' of social services only account for one aspect of the privatization process?

We believe that the privatization of social services is, aside from all cultural differences, part of a comprehensive process of transformation of political rationalities and technologies in a 'neoliberal epoch'. In this context, responsibility for the conduct of one's life is increasingly transferred to isolated (individual and collective) subjects. Every actor comes to find themselves confronted by the demand that they develop a rational self-understanding as a 'self-regulating subject', in other words, as an 'entrepreneur'. The individual "is no longer construed as a social creature seeking satisfaction of his or her need for security, solidarity and welfare, but as an individual actively seeking to shape and manage his or her own life in order to maximize its returns in terms of success and achievement" (Miller & Rose 1990: 26). Here processes of privatizing social services come to be described as constituting a transfer from 'government' to 'strategies of governance'. According to this approach, the stimulation of local network structures leads to the positioning of local state actors alongside a growing number of other types of political actors: 'civil society' actors in the form of non-profit

deliverers and marketized organizational forms.

This distribution of a growing number of non-state actors explains the development of a new type of regulation characterized by the fact that the power formerly exercised by central and local state agencies becomes fragmented and restricted. This reduction in the power of political regulation, this weakening of existing instances of state authority is what is referred to in the substitution of the term 'government' by 'governance'. However, the difficulty here is that, as we have explained, it is not really possible to speak of a *reduction* of state regulatory power. Rather, the changed constellation of actors leads to a structure of regulation that increasingly focuses on *indirect* alongside *direct* regulation of the self-management of individuals and organizations. This has recently been made clear in a growing number of studies of governmentality (Rose 1999).¹⁰

The reconstruction of the 'governmentality of neoliberalism' clarifies the dominance of political rationalities and technologies that currently aim at the reduction of the public welfare state and the stimulation of self-regulatory, private arrangements following an economic calculus (Burchell, Gordon & Miller 1991; Bröckling, Krasmann & Lemke 2000). Thus, social service delivery agencies increasingly lose their status as a part of the central state's system of social control within bourgeois capitalist societies, although not in the sense of a reduction of social control as such, but in its transformation into the self-regulating collective and individual organizational units. This *regulated autonomy* advances the incorporation of rationally acting subjects within a comprehensive 'process of economising the Social' (Bröckling, Krasmann & Lemke

¹⁰ The following considerations are focusing the aspects of the new regulation through 'enabling-', 'empowerment-' and 'self-control-strategies', because of their importance for an analysis of the new privatization of social services. This (neoliberal) shift in social control strategies is accompanied by a new punitive strategy, we do not focus further on at this point. But the new regulation strategies as 'self-management-strategies' are not at least a question of threats: "If you don't do, what you have to do, take the blame for the consequences!".

2000). For the self-regulation of (individual and collective) subjects turns out to be much more 'efficient' than exclusively state-focused direct regulation: turning subjects into 'entrepreneurs of themselves' becomes the framework of neoliberal forms of subjectivity and the economic paradigm becomes a *general worldview*. The outcome of social service delivery is thus no longer seen to be collective public (that is, non-marketable) goods, but individual (marketable) private goods, to be utilized by everyone as individuals.

The privatization of social services thus does not constitute part of the colonization of 'the Social' segment of society by 'the economic', but is part of the fragmentation of 'the Social' (Deleuze) in favour of the whole complex of economic rationalities and technologies. The changed constellations of actors, the current form taken by the privatization of social services, thus capture the organizational dimension of the transformation of political technologies from a liberal welfare state into a neo-liberal form. Under these conditions, the analytical distinction between a marketized, economic sphere and a 'solidaristic' sphere of civil society becomes redundant. Central and local state organization *as well as* service delivery agencies in civil society *and* the private market are subject to the central principles of privatization: de-socialization (*Ent-Öffentlichung*), individualisation, orientation to efficiency and effectiveness, standardisation and differentiation.

The global privatization of social services can thus be described *analytically* as a unified process, a comprehensive economization of the Social, but *empirically* it still has to be reconstructed with regard to the varying forms of its design, development and conception. A systematic analytical understanding of the new privatization of social services demands a comparative research perspective, aiming at a typology of the organizational forms of social services in different national contexts (current

arrangements) on the one hand, and intra-national and supra-national ideologies of privatization (demanded reorganization and transformation) on the other. The following section discusses the theoretical models for an international, comparative reconstruction of the new privatization of social services that might contribute to these aims.¹¹

Theoretical Models

Current arrangements: the new privatization process as a transformation of the institutional setting of social service delivery

For the purposes of reconstructing the current form taken by the privatization of social services -- i.e., sketching the actor constellations participating in the new privatization of social services -- we propose that, independently of the respective national context, it is possible to distinguish four levels of action: the *users* of social services,¹² the *organizations* through which social service delivery takes place, the *personnel* and *regulation instances* responsible for the direct execution of social service delivery. The relevant modes of arranging service delivery - the realisation of *participation, steering, expertise* and *regulation* - can then be examined at each of the four levels.

In the schematic representation of our model (**Figure 2.1**), an ideal-typical ideology of privatization can be constructed at each of these levels of analysis in order to illustrate a possible typology of specific actor constellations. The outlying positions x_{priv} represent this ideal typical (i.e., not an empirical) case, and x_1 und x_2 represent fictional examples of existing welfare delivery systems.

The outlying positions (X_{priv}) are characterized by the fact that (individual and

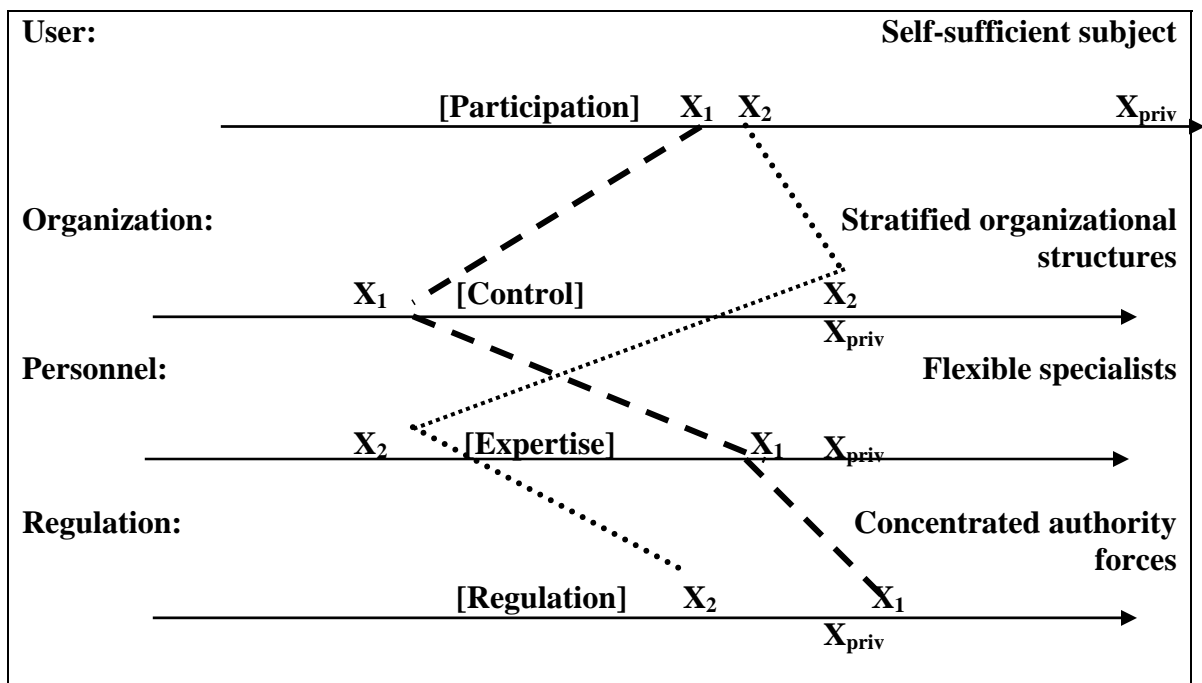
¹¹ Empirical studies following our theoretical model would have to conceptualize the development of privatization of social services in the specific national context. Our model presents only the main structural-analytical struts.

¹² The term 'user', as we have clarified earlier, here refers only to those persons *directly* involved in service delivery, and to which support and welfare services are *directly* aimed. 'Indirect users' of social services (professionals, social

collective) subjects are forced, by the private law regulation of all processes of social service delivery, to become 'self-sufficient'. The range of possible offerings of social services is, for the direct user as 'customer', *potentially* maximised. In any case, from such a perspective, the question of securing *real* access to the offerings of social service delivery for individual actors affected by social inequality is no longer thematised at all (participation).

Figure 2.1:

Theoretical model of the new privatization: The current arrangements (process)



Within the ideology of the market, the assumption is that every member of society is entitled and able to participate in the 'market of social services'. Correspondingly, state regulatory forces only intervene into the 'market of social service delivery' to the extent that they guarantee their potentially unrestricted realisation. The new privatization of social services would realize the existence of 'two types of markets: a 'real market' for

institutions) are thus by definition excluded.

people with their own money and a 'quasi-market of minimalist services for the rest (regulation). In order to secure their respective competitive position, individual social service delivery agencies orient themselves to the most profitable groups of users. This means that we can expect that the 'market of social service delivery' will become stratified between exclusive providers of niche services, and providers of inclusive but minimal services. Frequently this 'demand orientation' appears as a process of decentralization, within which individual organizations are transformed into autonomous entities. Steering emerges here from the competitive interplay of demand and supply (control).

Personnel are also differentiated analogous to this stratification of providers at the level of differing performance levels. The individual agency leader, counsellor or residential care worker becomes responsible as a professional specialist for assignable and measurable labour processes, in which the professional ethos is abandoned. At the same, they are expected to display permanent task flexibility in diverse fields of professional action and under conditions of highly differentiated working hours. One result is the implementation of a sharp distinction between the poles of coordinating social managers and practicing workers in the realm of service delivery (expertise).

The model's outlying positions x_{priv} thus describe the concretization of privatization as the 'economization of the welfare production system'.¹³ In relation to the privatization of social services, existing national welfare state regimes (x_1 and x_2) move between greater or lesser distance from the analytical ideal type (x_{priv}). The typology still requires the reconstruction of actor constellations in differing national contexts, which

¹³ We speak here consciously of a 'welfare production system', since in the ideal model of economisation, one can no longer speak of the existence of a welfare *state*.

would lay the empirical foundation of the development of an index of privatization.¹⁴

Nonetheless, this theoretical model clarifies how the new privatization of social services can be characterized as the approximation of the institutional settings of social service delivery to the ideal type x_{priv} .

The demanded reorganization and transformation: the privatization ideologies as a transformation of cultural hegemony

For the purposes of a systematic analytical reconstruction of demanded reorganization and transformation, i.e. the anticipated behavioural changes among all the actors in the field of social service organization to be brought about by privatization ideologies, the question which has to be addressed is that of the expectations with which the new privatization ideologies confront actors in the field of social service delivery. However, such a necessary description of the 'international ideologies' of the new privatization of social service delivery does not refer to a *homogenous* ideology. Such an approach would constitute extreme reductionism, in the sense of suggesting an internal coherence to the privatization ideologies, which would fail to capture its international (e.g., World Bank), supra-national (the EU or NAFTA) and national as well as intra-national differentiation (e.g., national and local ideologies, of government and non-government agencies in various fields).

It seems more meaningful to work out the central characteristics of the ideologies of privatizing social services, to enable an international-comparative understanding of the new privatization of social services at the level of the demanded reorganization and transformation, through the construction of an appropriate heuristic. The central aims of

¹⁴ There is already a considerable literature on this question, which cannot be discussed in detail here, including Fabricant & Burghardt's (1992) study of the US system of welfare production, which examines the current process of restructuring social services in terms of Taylorisation and 'the creation of industrial services' (p. 78ff.). This type of welfare production system can be categorised as relatively close to the ideal type of the 'economised welfare production system', being already extensively privatised.

the arguments within the ideologies of social service privatization are captured by the following characteristics: de-socialization (*Ent-Öffentlichung*), individualization, orientation to efficiency and effectiveness, standardisation and differentiation.

A discursive field consisting of these themes has developed which can be described as the ideological task object of the new privatization of social services. The reconstruction of these discursive themes enables the identification of the political rationality constituting the 'form of governance', in which government in the sense of the 'conduct of conduct' refers to the totality of historically specific forms of action and fields of practice steering (individual and collective) subjects through techniques of the management of self and others (Foucault 2000).

De-socialization (Ent-Öffentlichung)

Ideologies of privatizing social services aim at the transfer of service delivery into private hands, in the form of the transfer of tasks, organizational units or whole delivery organizations.¹⁵ In this sense privatization ideologies can also be characterised as ones of 'de-socialization' (*Ent-Öffentlichung*)¹⁶ if they withdraw the question of care and support organization from the whole "arena of the perception, identification and treatment of the problems of society" as a whole (Habermas 1992: 365).¹⁷ That is, the intended transformation of public into private is part of a larger change that can be characterised as the transformation of the public sphere or the social, indeed as a process of 'de-socialization' (Rose 1996).

¹⁵ The transfer of specific tasks and organizational units characterizes not only the ideologies of privatising social services, but also that of other public service agencies (e.g., energy and water utilities as well as transport bodies).

¹⁶ This definition of privatization ideologies as 'de-socialisation' strategies should not be understood tautologically as a 'reduction of the public', but as a specific type of re-shaping of the relationship between public and private fields.

¹⁷ Habermas (1992: 365) has defined the social or public sphere as "An arena for the perception, identification and treatment of problems in society as a whole". The extent to which the conception of communication bound up with this formulation idealises the political potential of civil society and ignores the question of political rationalities, within which it is precisely the stimulation of 'civil engagement' which plays a central role (cf. Foucault's conception of technologies of the self), remains an issue here. For the perspective adopted here, the underlying conception of a public

Such an understanding presumes that the social should itself be seen as historically specific, which generates a particular mediation between public and private forms of production and reproduction (Deleuze 1979). If the ideologies of privatizing social services now place central emphasis on the private sphere, ideologies become available which aim at overcoming the universalistic orientation of the social. The actors concerned are expected to become involved in active co-production, which 'frees' the public sphere from the need to provide support and care and thus gradually destroys it. As a rationale for the increasing privatization of social services, i.e. the transformation of service delivery into non-public structures, reference is often made to the supposed inefficiency of state providers.

These strategies of de-socialization can thus be characterized as part of a neoliberal or, as Rose (1996) has formulated it, 'advanced liberal' form of government. The mobilization of individuals in securing their participation in society increasingly becomes a mode of substituting for collective guarantees of security, as propagated and to a large extent implemented by liberal democratic states from the turn of the century up to the mid-1970s. Structural moments of social inequality are no longer seen as characteristics of historically specific political economies, but turned into the organizational responsibility of private agencies. The question of organizational potential (actors' *potential* for participation - *Teilhabechancen*) is translated into a question of the organization willingness (actors' *preparedness* for participation - *Teilnahmebereitschaft*).¹⁸

'treatment' of social problems, i.e. their proclamation in relation to the political-administrative system, is decisive.

¹⁸ To avoid misunderstandings here: our analysis would be completely misread if we were to be accused of simply extolling the virtues the Keynesian welfare state. It is not a matter of propagating liberal technologies of government as an ideal in contrast with their neoliberal variants. The proposed characteristics of privatization ideologies provide an analytical framework constituting the basis for their political-ideological interpretation, which remains to be addressed. The acknowledgement of class-based structures of inequality, as they have been inscribed in a variety of ways within welfare state structures of care and support, is an essential precondition for the development of such conceptions.

Individualization

Ideologies of privatizing social service delivery aim at the identification of individual actors, in order to determine their needs, problems and support potential as accurately as possible. The identification of individual actors becomes, in a variety of ways, the reference point of privatization ideologies. First the individual moves to the center of the action strategies of the responsible 'social experts': strategies of case management lead to the identification and standardization of individual acting entities. Making performance measurable enables its transformation into market-responsive figures.

Second, the individual is turned into a self-managing creative unit: the 'entrepreneur of their own self' becomes the leading image of an 'activating social policy'. Individual users of social services are expected to improve their own performance rather than looking to their restricted opportunities for participation. The 'users' of social services are thus deliberately placed in competition with other 'users'.

Third, privatization ideologies aim at individual organizational units: individual non-government agencies find themselves in competition with other individual providers within the framework of contractual performance agreements. On the one hand, service delivery is identified and tested in order to assess performance agreements (and thus cost agreements) in comparison to other providers with respect to cost and quality. On the other hand, through the introduction of methods such as outsourcing, contracting-out, and the devolution of bureaucratic units and teamwork, multidisciplinary units (such as police and social workers) are decentralised and regionalized. This shift, characterized in the American debates as a process of devolution, is usually legitimated with reference to the

need to bring the service delivery structures closer to the level of the users.¹⁹

Individualisation has always characterised liberal political rationality: the individual is the legal reference point in relation to security, property and control. It was precisely under the conditions of the identification of the individual as the reference point for technologies of government that it was possible to implement welfare state security arrangements in their functions of control as well as care and support. Individuals bind themselves to partially collective welfare arrangements, in order to enjoy the support of these structures of solidarity in times of need. The logic of the economy is determined from the perspective of the social sphere, posing the question of which improvements in living conditions can be achieved through economic advancement.

However, neo-liberal strategies now lead to individuals being expected to be responsible for their own lives as 'entrepreneurs of themselves'. They are identified as active participants within multi-faceted social structures (family, work, friends), and their contribution to the securing of economic processes is quantified, compared and evaluated.

Efficiency and Effectiveness

The logic of cost reduction is as much a characteristic of privatization ideologies as is the expanding discussion of quality in social service delivery.²⁰ The protagonists of privatization ideologies set out, first, from the assumption of the quasi-naturalistic

¹⁹ Alongside this argument concerning 'user orientation', there are two further arguments in the strategies of decentralisation and regionalisation: (1) A quasi naturalistic inefficiency in centralised systems of control: "The Nation State has become an unnatural, even dysfunctional, unit for organizing human activity and managing economic endeavor in a borderless world" (Ohmae 1993: 78); and (2) the apparently necessary mobilisation of local integration units to replace central state agencies, which we feel is becoming increasingly diffuse under globalised conditions of social development.

²⁰ If one considers the realisation of privatization processes to date, the concept of cost reduction is borne out, since the 'advantage' of private economic actors rests on the fact that they are not subject to strict public laws and prevailing government practices, which means that cost reduction can be achieved through, for example, capacity reduction or the establishment of faster decision-making structures within service delivery agencies. Privatization in the health and security sectors supports the 'efficiency' of these concepts (e.g., transfer of tasks to sub-contractors). However, such developments lead to more precarious labour relations, and often to a reduction in staff within the delivery agencies (Lundström 2000), and also a minimisation of public accountability. On the other hand, there are also empirical data showing that in many cases privatization processes do not lead to the anticipated reduction in costs. In relation to the public sector as a whole, Hodge refers to a distinction between the often publically quoted cost reduction of 20-30%,

possibility of substituting formerly 'inefficient' social service delivery with a process of privatization: "Across the board, the most effective antidotes to the social welfare problems that are now commanding public attention ... have been initiated by the private sector, not government." (Moore, cited in Reed 1989: 3). Second, such assumptions underlie the hegemonic diagnosis of 'empty public coffers'.

The concept of redistribution as the underlying rationale for welfare state arrangements has, under growing international legitimation pressure, been displaced. In many existing social security systems this displacement has led, on the one hand, to enormous tax relief for wealthy members of society, i.e., it has financially 'unburdened' potential contributors to a redistribution process. On the other hand, it has contributed to the 'unburdening' of collective or part-collective social security systems through the privatization of pension, health or disability assurance.

Questions of quality place the dimension of effectiveness alongside the orientation to efficiency at the center of ideologies of privatizing social services. Strategies of translating individual performance components into numerical indices, the transfer of tasks to autonomous organizational units (outsourcing) and the contractual, performance-oriented definition of the form and extent of performance (quality agreements) attempt, through procedures of standardization, to render ineffectiveness avoidable by making it measurable.

Discursive strategies under the headings of efficiency and effectiveness promote the inscription of economic logics into the field of social service delivery: privatization ideologies are in this sense to be identified as integral to broader neo-liberal political rationalities. The protagonists seek to promote the modernization of state administrative

and the empirically verifiable 6-12% reduction (Hodge 2000: 233). Often it seems to lead to an actual increase in costs (Muetzelfeldt 1999; Rathgeb, Smith & Lipsky 1994).

structures under the catchwords of the 'slim state' and 'customer orientation'. Such strategies can be seen as ideologies of transforming the 'grammar of government': the "grammar of care" which characterized the formation of the modern welfare state is replaced by a "grammar of toughness" which, instead of the question of 'the good life', places the question of 'survival' at the centre of its considerations (Fach 2000: 112f.).

Standardization

Ideologies of privatizing social services seek the *standardization* of individual action components in the execution of structures of support and care. Social service delivery is thus theoretically disaggregated into its component parts (e.g., prevention, conversion, reflection in a counselling session) to make them separately identifiable with numerical indices and ultimately to render them calculable. This makes possible, on the one hand, the numerical measurability of welfare action, and on the other its standardization.

For example, the various components of counselling session A in youth welfare institution A can be compared with counselling session B in youth welfare institution B, which makes it possible to evaluate one as deficient in relation to the integration of particular components (e.g., conversion) and the other as perhaps overburdened (e.g., reflection) in relation to others. However, only standardized components are compared, and a situation specific assessment in terms of the conditions of professional action is excluded. This means that the standardization of social service delivery turns professional interactive situations, in the sense of situative constructions of initially open interactions, into the execution of standardized commodity production. It is not the use value of social services for the participating actors --the public sphere, service deliverers, professionals and users -- that stands at the center of consideration, but the exchange

value of the relevant product.

Differentiation

The differentiation of social service delivery as a further aspect of the ideologies of privatizing social services, presented under the catchwords of an orientation to 'users' or 'addressees', constitutes a focal point of the differentiation of social service structures. Specific user groups are identified as reference points for the construction of specific ideologies of support and care, itself constituting only a modest specialization of social service offerings. However, this specialisation does not take place on the basis of the idea of a universally conceived fundamental security, i.e., guaranteed social participation (*soziale Teilhabe*), but within the framework of attributing the responsibility for their own lives to individual actors themselves. This means that specific structures of care and support are linked to the individual's own personal responsibility, and 'private welfare' replaces 'public security'. In 1999 the government leaders of both the UK and Germany stated that "Modern social democrats want to transform the safety net of entitlements into a springboard to personal responsibility" (Blair & Schröder 1999). In this way, structural social inequality is not simply overlooked, but actively set in place through ideologies of privatizing social services. Consequential 'market analysis' by service providers, i.e., addressing the never-ending question facing the quasi-market of social service delivery: 'Which services are currently in demand?', leads to a stratification founded on demand and on available personnel, responsive only to 'customers' needs'. 'Uninteresting' clients are, at best, provided with standardised minimum services; 'interesting', paying 'customers', in contrast, receive specifically tailored offering.

Conclusion

The new privatization of social services constitutes a process that has so far

remained difficult to grasp at a global level, despite the pervasiveness of privatization ideologies. This elusiveness creates an urgent need for an analytical grasp of the current arrangements and the demanded reorganization and transformation of social service privatization. Hopefully, the theoretical models presented here constitute an initial contribution. Empirical studies are needed to assess the extent to which we have succeeded in identifying the crucial elements of the restructuring of social services.

In our own view, these theoretical models clarify the structural relations between respective national manifestations of the privatization of social services on the one hand, and the characteristics of the privatization ideologies increasingly confronting actors in the field of social services on the other. This provides an analytical framework, first, for further privatization in the field of social services and, second, for the categorization of potential (socio)political options. The decision as to which route is to be followed in the future formation of social service delivery within particular national contexts remains a *political* decision.

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