

1978/79		Gross Div. Yld	
High	Low	Company	Price Ch'gs pence % P/E
COMMERCIAL AND INDUSTRIAL			
A—B			
72	48	AAH	171 +5 14.08 8.3 7.8
65	23	AS Electronics	85 +1 6.3 9.7 12.7
44	34	AC Cars	74 .. 3.4 4.0 13.1
118	69	AD Int'l	81 .. 3.6 4.4 9.3
46	15	AGB Research	44 .. 3.3 7.2 7.6
260	21	APV Hides	260 .. 13.7 5.3 20.0
44 1/2	21	APV Int'l	63 1/2 +2 3.8 5.2 8.4
61	17	Astronon Bros	84 .. 3.4 4.1 15.0
17	9 1/2	Astrastrat Int'l	15 .. 2.28 4.5 5.2
124	40	Acrow	124 .. 6.1 4.9 23.4
121	25	Do A	121 .. 6.1 5.0 13.1
23	15 1/2	Adams Food	23 .. 1.6 7.0 3.9
15	5	Adda Int'l	9 1/2 -1/2
154	88	Advent Group	154 +1 9.7 6.3 7.8
20	8	Aeron't & Gen. 19	20 .. 1.5 8.1 7.4
177	68	Africa Int'l	177 .. 4.4 8.3 12.8
83	27 1/2	Do RV	74 .. 3.5 4.9 7.8
90	26	Albright & W	88 +1 5.5 6.1 6.3
75	55 1/2	Alcan 10 1/2%	175 .. 10.50 14.0 ..
63	86	Do 9 1/2% Car 173	.. 9.0 12.3 ..
107	89	Almatia Int'l	108 .. 19.1 8.8 13.1
79	29	Allen E. Hainford	79 .. 8.9 7.4 8.1
40	12	Allen W. G.	38 -3 3.6 5.4 6.3
40	14 1/2	Alliance Alders	30 1/2 -1 1.8 5.0 8.0
117	23 1/2	Allied Coloids	117 .. 1.8 1.6 14.1
28	6 1/2	Allied Insulators	24 -4 1.8 7.3 7.7
19	4 1/2	Allied Plant	18 .. 1.0 8.6 7.8
87	31	Allied Polymer	77 -1 6.0 6.0 9.0
139	12 1/2	Allied Retailers	138 .. 7.8 5.4 7.5
245	8 1/2	Alpine Hides	72 -2 3.3 6.0 12.4
218	133	Amal Metal	218 +8 11.6 8.7 12.3
82	15	Amal Power	59 1/2 -4 4.7 8.3 8.0
31 1/2	13	Amber Day	25 .. 3.2 11.4 6.8
8	8 1/2	Amber Ind Hides	7 .. 0.6 6.9 2.0
48	24	Anchor Chem	48 .. 6.2 11.3 ..
44 1/2	21 1/2	Anderson Strath	49 1/2 .. 3.3 7.5 8.7
180	24 1/2	Anglo Am Asphalt	174 -3 10.0 8.7 11.9
810	460	Anglo Amer Ind 630	+5 20.5 6.3 8.2
60	30	S Bond	2 1/2% 65-70 43
63	21	S Bond	4 1/2% 65-70 23
62	39	S Bond	6 1/2% 76-81 50
68	53	Spanish	4 1/2% 58
71	55	Tang	5 1/2% 76-83 67
73	70 1/2	Uruguay	3 1/2% 70 1/2

LOCAL AUTHORITIES			
22 1/2	18	LCC	3 1/2% 1992 22 .. 13.267 ..
67 1/2	59 1/2	LCC	5 1/2% 80-83 67 1/2 .. 7.281 11.202
75 1/2	59 1/2	LCC	5 1/2% 77-81 75 1/2 .. 7.367 11.770
66	48 1/2	LCC	5 1/2% 82-84 66 .. 8.157 11.639
58 1/2	49 1/2	LCC	5 1/2% 85-87 57 1/2 .. 8.569 12.650
90 1/2	75 1/2	LCC	5 1/2% 75-78 90 1/2 .. 6.409 11.247
82 1/2	69 1/2	LCC	6 1/2% 76-79 82 1/2 .. 7.987 11.301
61	42 1/2	LCC	6 1/2% 85-88 59 1/2 .. 11.154 12.814
85 1/2	80 1/2	G.L.C.	6 1/2% 79-78 85 1/2 .. 6.846 9.532
90 1/2	81	G.L.C.	6 1/2% 1977 90 1/2 .. 6.728 10.133
81	74	G.L.C.	6 1/2% 85-83 74 .. 11.217 12.623
81 1/2	81	G.L.C.	7 1/2% 1977 81 1/2 .. 7.282 10.517
16 1/2	11	G.L.C.	3 1/2% 80-82 90 1/2 .. 10.712 11.843
93 1/2	77 1/2	C of L	6 1/2% 73-78 93 1/2 .. 7.243 11.287
75 1/2	57	C of L	6 1/2% 80-82 75 1/2 .. 4.494 11.807
75 1/2	57	Ac Mit	7 1/2% 81-84 75 1/2 .. 7.644 12.278
6 1/2	47 1/2	Ac Mit	7 1/2% 81-83 6 1/2 .. 12.347 13.252
29 1/2	41 1/2	Ac Mit	6 1/2% 85-90 29 1/2 .. 11.268 12.940
72 1/2	57 1/2	Robert	6 1/2% 77-80 72 1/2 .. 8.813 11.458
87 1/2	73 1/2	Robbin	6 1/2% 75-79 87 1/2 .. 7.644 12.278
87 1/2	73 1/2	Canadian	6 1/2% 77-80 87 1/2 .. 7.613 12.264
75 1/2	62 1/2	Croydon	5 1/2% 78-81 75 1/2 .. 8.838 12.119
84	72 1/2	Edin.	6 1/2% 77-80 84 .. 7.203 12.147
89	74 1/2	Glasgow	5 1/2% 80-82 89 .. 10.649 12.927
75 1/2	64 1/2	Gwith	6 1/2% 77-80 75 1/2 .. 7.559 11.269
51 1/2	84 1/2	Herts	6 1/2% 75-77 51 1/2 .. 7.142 10.844
84 1/2	84 1/2	Liverpl	7 1/2% 79-77 84 1/2 .. 7.467 10.771
21 1/2	19	Mt Water B	2 1/2%
78	69 1/2	N I	6 1/2% 75-80 78 .. 12.631 13.331
67 1/2	49	N I	7 1/2% 83-84 67 1/2 .. 8.553 14.774
65 1/2	49 1/2	N I Elec	5 1/2% 81-83 65 1/2 .. 10.463 15.379
96 1/2	77 1/2	Notts	6 1/2% 76-78 96 1/2 .. 7.480 11.281
83 1/2	72 1/2	Sheff	6 1/2% 77-80 83 1/2 .. 8.283 11.568
66	48 1/2	Swack	6 1/2% 82-86 66 .. 10.368 12.642
80	66 1/2	Surrey	6 1/2% 78-80 80 .. 7.523 12.412

1978/79		Gross Div. Yld	
High	Low	Company	Price Ch'gs pence % P/E
Investment Dollar Premium 113 1/2% (111%), Premium Conversion Factor 0.1572			

FOREIGN STOCKS			
43	29 1/2	Bayer	43 .. 156 3.6 19.9
14	9 1/2	Commerzbank	81 1/2 .. 32.0 2.4 23.3
25 1/2	19 1/2	Cb Fin Paris	17 1/2 .. 265 4.7 13.3
50 1/2	34 1/2	EDF	47 1/2 .. 192 4.1 ..
43 1/2	36	Ericsson	43 1/2 +1 1/4 63.8 1.8 25.0
44	27	Finsider	70 .. 1.1 ..
35	22	Geniecs	42 1/2 +1 11.8 4.9 6.1
80 1/2	30	Hechtol	560 .. 18.5 3.3 23.1
80	45	Montecatini E	85
32 1/2	24 1/2	NFPD JV	22 1/2 .. 90.3 4.1 23.3
87 1/2	30 1/2	Robeco LIS	82 1/2 .. 23.1 3.7 17.8
47 1/2	30	Rollaco Subs fl 5 630	-2 4.5 1.0 10.9
290	130	Sala Viscosa	175 .. 4.8 2.7 ..
74 1/2	32 1/2	Thyssen-Hoette	749 -6 24.8 3.2 12.6
51 1/2	15 1/2	Volkswagen	121 -1/2

DOLLAR STOCKS			
18 1/2	7 1/2	Brascan	170 -1 1/2 41.9 4.3 8.5
39 1/2	6	BP Canada	19 1/2 -1/2
12 1/2	10 1/2	Can Pac Ord	11 1/2 -1/2 41.3 3.2 10.2
7 1/2	7 1/2	21 Fazo	81 1/4 +1/4 41.7 3.7 21.3
7 1/2	4 1/2	Exxon Corp	17 1/4
24	10 1/4	Fluor	131 1/4 +1/4 29.7 1.9 25.1
22	16 1/4	Hollinger	129 1/4 +1/4
30 1/2	11 1/2	Indus Roy Off	129 1/4 -1/4 25.9
20 1/2	8 1/2	Rusky Oil	118 -1/4
12 1/2	10 1/2	Paint Hides	117 1/2 .. 22.3 1.8 ..
14 1/2	14 1/2	Nickel	12 1/2 .. 77.2 3.2 14.2
1 1/2	6	113 Int'l	48 1/2 -1/2 11.3 3.2 7.7
20 1/2	9 1/2	Kaiser Alum	120 1/2 +1/2 50.1 2.3 ..
20 1/2	9 1/2	Masse-Verg	120 1/2 +1/2 48.2 2.4 11.3
23 1/2	9 1/2	Pacific Petrol	225 1/2
13 1/2	5 1/2	Pan Can	43 1/4
21 1/2	5 1/2	Steep Rock	313 -1/2
10 1/2	6	Trans Can P	219 1/2
89 1/2	24 1/2	US Steel	267 1/4 -1/4
70	57 1/2	White Pass	700 .. 15.9 2.3 ..
16 1/2	8 1/2	Zapata Corp	210 1/4 +1/4 14.8 1.4 4.8

BANKS AND DISCOUNTS			
250	126	Alexs Discount	228 .. -2 18.0 7.9 11.8
490	200	Algen E & Ross	445 -5 26.2 5.8 8.7
185	108	Argyllham	145 .. 12.7 6.8 11.8
443	170	Aust & NZ	428 -2 14.9 2.5 9.3
39	30	Bk Bapartm	78 .. 0.7 2.2 9.4
510	120	Bk of Ireland	340 .. 16.0 4.8 5.8
71	10 1/2	Bk Lomb Int'l	71 -1 1.3 4.8 7.0
11	10 1/2	Bk Lomb UK	110 .. 11.2 6.2 13.9

LOCAL
GOVERNMENT
becomes
BIG
BUSINESS

JOHN BENINGTON

LOCAL GOVERNMENT *becomes* BIG BUSINESS



Popperfoto



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Pictures overleaf

Above: Coventry town centre, 1946.

Below: The same area in 1975.

Published by the CDP Information and Intelligence
Unit, 5 Tavistock Place, London WC1H 9SS,
tel. 01 387 5126 2nd edition, February 1976

INTRODUCTION TO THE SECOND EDITION

The first version of Local Government Becomes Big Business (LGBB) was written in the Spring of 1973. In December of the same year the then Conservative government began to cut public expenditure. Though the return of a Labour government in early 1974 halted the process, by 1975 a new and particularly savage programme of cuts was underway, this time presided over by the Labour government. This new edition of LGBB sees a million and a half workers lined up in the dole queues, and wages of those left in work held back by the £6 limit, and living standards under attack. Meanwhile local authorities all over the country are cutting back their budgets and decimating the services available to those same working people.

The political and economic meaning of this set of events is explored fully in the special joint report by CDP and Counter Information Services: Cutting the Welfare State (Who Profits)*. But Local Government Becomes Big Business is being reprinted in the belief that even in these changed economic circumstances it still has something to contribute to the understanding of the operations of the local state, an understanding necessary to any action concerned with it.

The economic crisis which now confronts all the advanced capitalist economies, and the UK in particular, has resulted in a major shift in the state's role in the pattern of public expenditure. As multi-national capital withdraws from British manufacturing industry, in search of more profitable areas of investment, the state is increasingly moving in to cushion and mask the most blatant consequences (mass redundancies, soaring unemployment, sudden decline of whole communities). Just as the boom in local government expenditure during the sixties helped to reduce the risks of investment for private capital, so, now, central government's finance for manufacturing industry is helping to smooth the path for the withdrawal of multi-national capital from Britain. Where before the local state acted to cushion the effects of market fluctuations for industries like construction (see pp 8-10), now the central state tries to minimize the disruption of the multi-nationals while still preserving a

sufficiently predictable situation for the investment of smaller and medium size capital.

The government's 'rescue plan' for Chrysler is a good example. The state investment of £162½m has not guaranteed the long-term future of Chrysler's operations in this country, nor achieved any greater public control over those operations. In practice it has merely made possible the 'orderly' run-down of the labour force which Chrysler has been trying to achieve since at least October 1973 (they were looking for 8,000 sackings at the time of the electricians' dispute). The state has in effect subsidized the long-sought 'rationalization' of Chrysler's European operations, and this involves a change-over in UK subsidiary from car-production to assembly of imported components. The state's involvement has cushioned the political effects of this major run-down, and phased it in such a way as to give the smaller interlocking firms (e.g. component suppliers) time to adapt and find alternative business.

In broad terms this illustrates the complex and changing role of the state in mediating the interests of different levels of capital. The 'cuts' in welfare state expenditure reflect a shift in state involvement and investment away from local capital (the construction industry, local service industries) in order to bale out the big industrial capital. The CDP/CIS report shows that this will increase the hold which finance capital has upon the state in the form of public sector borrowing from the money markets.

What does all this mean in concrete terms, and for day to day struggles? It is obviously essential to resist the erosion of the welfare state, to 'fight the cuts'. But there is an important paradox here. LGBB and Cutting the Welfare State both explore the intricate ways in which the interests of private capital are served and protected by the welfare state. The protection is not just financial: the state plays an increasingly important ideological role in all its different forms. The welfare services are no exception. Thus, though they do indeed represent benefits hard won by working people through many years of struggle, they are

controlled by a state whose priority is the support of other economic and ideological interests altogether. This is not an academic point. It is the daily experience of life in the welfare state. The services — whether in education, health, housing or personal services — may match some people's needs, but equally often are found to be oppressive, irrelevant or humiliating. The demands, in a situation of cuts just as in a situation of boom, must also be about the quality and relevance they are fighting to preserve.

The issue is broader still. As the government transfers public money to the private sector in order to bail out failing industry; as it forces working people to subsidize private profitability (through their taxes as well as their labour) at the expense of their own welfare, the question of what is produced and why becomes a central political issue. This applies to the steel works, to the car plants and to the services of the welfare state alike.

LGBB shows how fundamental political questions of this kind are mystified and depoliticized by the managerial techniques and assumptions of local government. 'Corporate management' policy analysis and cost-benefit analysis are being used in both central and local government to analyse public expenditure programmes and 'establish priorities'.

The Comprehensive Community Programmes which have been put forward as the heirs of CDP follow this trend exactly. Struggles about the nature of the state, both from outside and within, and the struggle against the cuts, will have to challenge the myth that these are technical exercises and to force the issues back into the political arena. Public sector workers are potentially in a strong position to join with users of services on this, by pointing out the day to day consequences of the cuts in concrete local situations, and by organising resistance. Combine committees of local authority workers (manual and white collar), like the one formed in Coventry recently, can give a lead in fighting for what Audrey Wise has called control over ends as well as the means of production.

This paper was not written for publication originally but as an attempt to understand the

local government framework within which the Community Development Project was working, and to explain some of the contradictions we observed and experienced in our attempt to bring about change from within. (See Coventry Final Report Part 1, March 1975.) As an internal paper this was circulated quite widely in various stages of draft and I was helped by detailed criticism and comment from a number of people particularly Paul Corrigan, John Edwards, Norman Ginsburg, Ian Gough, Peter Marris, John Mason, Marjorie Mayo, Steve Marrett, Dave Smith, John Stewart, Martin Yarnit, and members of the CSE Political Housing Group. A number of them referred me to Robin Murray's paper 'The Internationalisation of Capital and the Nation State', in New Left Review no 67, 1971. Other theoretical work on the role of local government within the British state apparatus which I know of has been done by:

1. the Conference of Socialist Economists Political Economy of Housing Workshop c/o 43, Anson Road, London N7
2. the Local Government Research Project c/o Paul Corrigan in the Sociology Department of Warwick University
3. Cynthia Cockburn at the Centre for Environmental Studies, London.

John Benington

January 1976

Cutting the Welfare State (Who Profits) available from the CDP Information Unit, 5 Tavistock Place, WC1 or CIS, 9 Poland Street, W1 price 45p+15p(p&p)

1. THE LOCAL GOVERNMENT BOOM

In 1974 local government went through its biggest re-organisation for a hundred years. At midnight on 31 March of that year, the 1,381 existing authorities and many associated bodies went out of existence, and 422 new local authorities, and the new regional health and water authorities took over their responsibilities. These responsibilities involved around 30% of national public expenditure and the employment of about 10% of the national workforce. (1) Vast new units of government and administration were created. The West Midlands Metropolitan County Council, for example, became responsible for three million people, a larger population than the whole of New Zealand; while the Greater London Council had an annual budget of around £930m, a sum exceeded by fewer than thirty governments in the world. After taking out the 8% spent by public corporations, local authorities were spending nearly half as much as central government itself.

Some have likened the 1974 re-organisation to the rearrangement of deckchairs on the Titanic. Developments like the Housing Finance Act, the 1973 revaluation of rateable property, changes in the basis of the rate support grant and other central government grants, the severe cut-backs in local government expenditure, and the spiralling interest-rates payable on local authority capital loans altered the nature of the whole 1974 re-organisation. Already these moves had effectively undermined the independence of local government and relegated it to a subservient position as third-tier management for central government. But local government has a much wider significance within the economy than merely in relation to central government. Its re-organisation represented an important adjustment in the state apparatus at the local level; adjustments which were a response to serious developments within the British economy; adjustments which I shall try to argue are particularly 'becoming' to big business.

There are a number of theoretical studies of the role of the state in advanced capitalist societies. (2)

But there seems to have been much less critical study of the functions and operations of local government as an entity within the state apparatus. This is a serious gap since local government plays a distinctive role within the social structure of Britain, and an increasing role within the economy.

The Local Government Economy

Over the fifty years since the first world war, public expenditure in the UK has risen from about one sixth of the GNP to a little over half. Since at least 1948 the most dramatic growth has been at the level of local government, which now accounts for a third of all public-expenditure. Between 1948 and 1968 local government's share of the GNP doubled; its revenue expenditure — running costs including wages and salaries, debt interest and cost of services — quadrupled to reach over £6,000m a year in 1974. Its capital expenditure — costs of new buildings, plant and equipment — quintupled to around £2,000m a year, all in real terms. The phenomenal rate of growth at the local level is illustrated by the fact that during the 1960s while GNP increased by 80% and total public expenditure increased by 120%, local government expenditure shot up by 170%.

Local government has also become a major employer. Since the war the number of its employees has nearly doubled: from 1.4m people (6% of the working population) to 2.5m (10% of the total working population). Again this is a much greater percentage growth than for the public sector as a whole. In 1949 local authority employees represented 24% of public sector employment but by 1970 the figure had risen to 36.7%. Even the rather sober researchers of the Royal Commission on Local Government were provoked to comment that 'in a sense local government has had what can only be described as its own substantial boom-period, with relatively little effective competition'. (3)

2. THE ROLE OF THE STATE

Marxist commentators (4) have argued that the state in capitalist societies must try to fulfil two basic functions — 'accumulation' and 'legitimization'. On the one hand it must try to create or maintain the conditions in which the accumulation of capital (or economic growth) is possible and profitable for the private sector. On the other, the state must try to maintain or create the conditions for social harmony and attempt to make the social order seem acceptable. These two functions are reflected in the two-fold character of state expenditure: social capital and social expenses.

Economic Spending

Social capital is expenditure that goes to encourage the private accumulation of wealth and so contributes indirectly to production.

Ideological Spending

Social expenses consist of projects and services which are not even directly productive, but rather which are required to maintain social harmony and carry out the state's job of reinforcing the social order.

This dual character of the capitalist state, means that nearly every state agency is involved in both the accumulation and legitimization functions and nearly all state expenditure has a two-fold character. Some of the current developments in local government may become clearer if we look at them in terms of these two dimensions.

A Cushion For Capital

A number of studies have suggested that, in general terms within a capitalist society, the state functions to maintain the 'calculability' of the economic environment: it reduces the risks of investment for capital, cushions the effects of business fluctuations, and so on. Baran and Sweezy(5) have suggested that the western world has now moved into a situation of monopoly rather than competitive capitalism. Today the typical economic unit is the giant corporation. It produces a significant share of the output of an

industry, or even several industries, and is able to control its prices, the volume of its production, and the types and amounts of its investments. They argue that monopoly capitalism is a self-contradictory system:

'It tends to generate ever more surplus, yet it fails to provide the consumption and investment outlets required for the absorption of a rising surplus and hence for the smooth working of the system... The stimulation of demand — the creation and expansion of markets — thus becomes to an ever greater degree the leitmotif of business and government policies under monopoly capitalism.'

Business aims to create and expand markets to absorb surplus, through its whole sales effort. Government plays a similar role but on a larger scale. It is by changing the overall total of spending that the government has exercised its greatest influence on the scale of effective demand, and hence on the process of surplus absorption.

The increasing role of governments as creators of demand and absorbers of surplus is indicated by the rise in proportion of GNP that goes on public expenditure in the advanced capitalist countries. In America for instance this was 7.4% in 1903, 9.8% in 1929 and 25% in 1966. This figure has always been particularly high for Britain, 35.7% in 1953 and over 50% in 1971.(6)

Defence Or Welfare ?

Government's role as a creator of effective demand becomes clearer if we examine the way in which this public expenditure is divided up. The composition of government spending in the United Kingdom differs significantly from that in the United States. As shown above, total government spending in the US increased from roughly one tenth to one quarter of GNP between 1929 and 1957. Of this proportionate increase, almost nine tenths was transfer payments and defence purchases, and little more than one tenth non-defence purchases. This latter category largely covers social services expenditure: public education, health and sanitation, housing, recreation, police and fire

protection, courts and prisons; but also roads and highways. Thus in spite of an enormous increase in spending on highways in the US, there was very little expansion of non-defence purchases of goods and services, relative to the size of the economy as a whole. Transfer payments, on the other hand, grew significantly, expanding from less than 2% to nearly 6% of GNP. The largest part of this was accounted for by various forms of social security payments: unemployment, old age survivors and veterans benefits. However, the total government welfare provision was completely overshadowed by defence spending. This rose from less than 1% of GNP to more than 10%, accounting for about two thirds of the total expansion of US government spending relative to GNP since the 1920s.(7)

In the UK, by contrast, much the greatest increase in state expenditure has been in the social services.(8) Between 1923 and 1958 military expenditure rose from 4.7% to 7.6% of GNP while social services spending rose more steeply from 8% to 18.2%. In the following ten years, 1958 to 1968, military expenditure dropped from 7.6% to 6.7% while social services expenditure leaped again from 18.2% to 26.0%. The social services' share of the expanded area of public expenditure has thus grown over fifty years from about a third of the total to nearly a half. It is sometimes said that this is no more than a response to the increase in numbers at risk — of old people, children and the unemployed. In fact the growth of social security payments has not been quite as fast as the general growth, at about 6.5% p. a. in real terms, of the social services as a whole. The fastest growth has been that of the building programmes — new schools, houses, hospitals. Expenditure on these has been growing in the 1960s at about 8.5% in real terms.

It is this fact more than any other which probably accounts for the very much more significant role of local government in the state apparatus in the UK compared with the USA. In America there has been little change in the relative importance of state and local spending during the last three decades though the role of government spending as a whole has undergone such a radical transformation. State and local expenditures constituted 7.4% of GNP in 1929 and 8.7% in 1957. In the UK on the other hand local government is taking an increasingly large share of our natural resources. As already seen, local government spending during the sixties grew by 170%, twice

as fast as the national economy which grew by 80%. (9)

The Profits Squeeze

It is beyond my scope and ability to explore here why the government's role as a creator of effective demand and absorber of surplus has been exercised in America predominantly through military spending, and in the UK so notably through local government expenditure. However, some of the significant features of the British economy which may begin to account for the distinctive role of local government since 1948 have been touched on by Glyn and Sutcliffe in a recent study of *British Capitalism, Workers and the Profit Squeeze*.(10) They argue that British capitalism has had a crisis of falling profitability since the 1950s, because increasing international competition has prevented firms from passing on as higher prices the increased wages they have been forced to concede to the workforce. They argue that, as a result of capital's relative weakness, the economic and industrial policies of the government have become a central element in capitalism's fight to survive the profits squeeze.

How does the increase in the proportion of the national income devoted to public expenditure offer a solution to the problem of reduced profitability? For it to have any relevance at all to the problems of private capital the expenditure must bring about an increase in demand for the goods and services produced by private capital. Even supposing government spending does keep up the level of demand for the output of private capital, it will only ease the pressure on profits if that government can also neutralize the causes of that pressure: particularly wage increases and international competition.

'If the government provides private capital with a market for its products with profitability guaranteed by cost-plus contracts, then in effect a section of private capital is removed from the competitive struggle which prevents wage increases being passed on in the form of higher prices. In this respect, arms expenditure may be more effective than civil expenditure if it employs more capital which is thereby removed from the area of competition. Also it may be politically easier to reserve defence expenditure for domestic producers than for civil expenditure. For, to improve profitability, it is absolutely necessary that the expenditure should

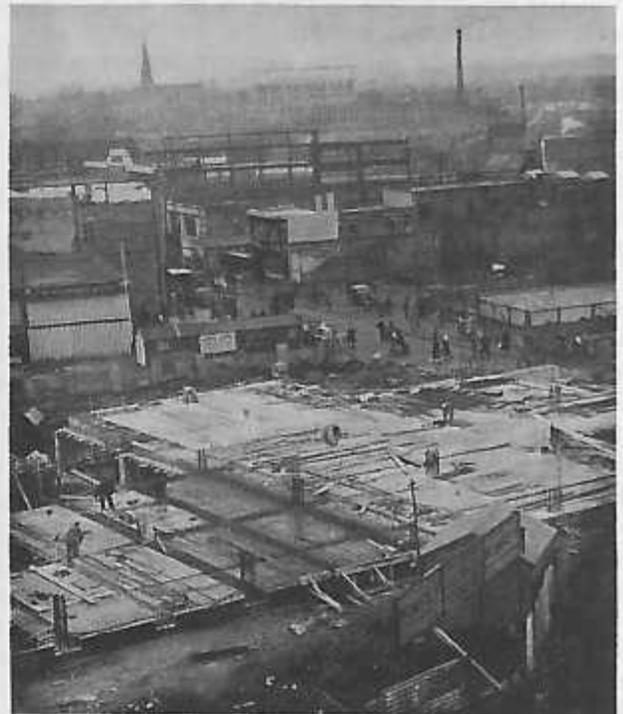
be reserved for domestic producers. It would do UK capital no good at all if profitable contracts for armaments were allocated to the lowest cost producers if these were not from the UK. On the other hand, civil expenditure may tend to be concentrated in construction which, by its nature, is an industry better protected from international competition than most.' (11)

Hand In Hand-Out

Public authorities spend about £1,500m a year on construction alone. These contracts account for about 60% of the output of the construction industry and 90% of the output of the civil engineering industry. In the UK the contracts for building schools, council housing, many roads and children's and old people's homes are all placed by local government. These involve heavy capital investment and provide the construction industry with expanded markets. Its profits are often guaranteed by cost-plus contracts — contracts through which the local authorities agree to pay costs of the work, whatever these might be, guaranteeing a fixed margin for profit on top of that. Although it may be true that the construction industry is better protected from international competition than most, until the early seventies building was not a business that readily recommended itself to the investor. Builders traditionally head the bankruptcy league tables. Theirs is a profession which is almost entirely dependent on market conditions. A firm market is needed before funds are committed. Before the property boom of 1970-74, builders were going bankrupt at the rate of about four a week.(12) But corporate planning spurred local authorities into producing forward plans, and ten year rolling capital programmes, and these made the market more predictable for private building firms, providing them with a definite future programme of work on housing, schools, roads and so on. Giant private building and engineering firms like Wimpey, Laing, Costain and Taylor Woodrow (many of whom developed their capacity with wartime construction contracts) thus grew within a largely public sector context. The pre-tax profits of both Wimpey and Laing soared in 1972 and 1973 — from £4.79m to £7.18m in the case of Laing and from £5.5m for the half year, to £12.8m for the half year for Wimpey. In both cases, public contract and local authority work were cited in their accounts as areas of increasing business.

It was the boom in local authority capital building which laid the way for the kind of 'private accumulation' which came to light through the Poulson scandal. The sheer volume of local government work put out to contract can be illustrated from the similar, but less well publicised, case of the Birmingham City architect (now imprisoned) and Bryant Homes Ltd. Between 1966 and 1973 Bryants obtained £70m worth of contracts from Birmingham City Council, plus a further £30m for their civil engineering industry. This amounted to well over 75% of all contracts granted by Birmingham City Council and as a consequence Bryant's turnover increased by 41% and their profits by 620%.

However, to focus on 'scandals' of this kind can be misleading in suggesting that the source of the problem is conspiracy. The more complex, structural inter-relationships between the local state and the private sector are better clarified by looking at the 'normal' situation. Coventry provides valuable raw material for a case-study of local government's role in maintaining the conditions in which accumulation is both profitable and calculable. This can be illustrated both in relation to international capital (the motor engineering industry) and more localized capital (the building and construction industry). It also begins to show how local state spending serves to confirm the existing economic and social order.



Popperfoto

3 COVENTRY: CHANGING RELATIONS

Two main factors help to explain the gold rush in both the private and public sectors of Coventry's economy since the war. First there was the rapid growth in population. This was caused in the first instance by recruitment of new workers to the city in order to meet the labour needs of the engineering industry and to boost munitions production in two world wars. Second, the scale of the bomb devastation during the second war demanded a massive programme of reconstruction and created opportunities for new building and comprehensive development unrivalled outside New Town situations.

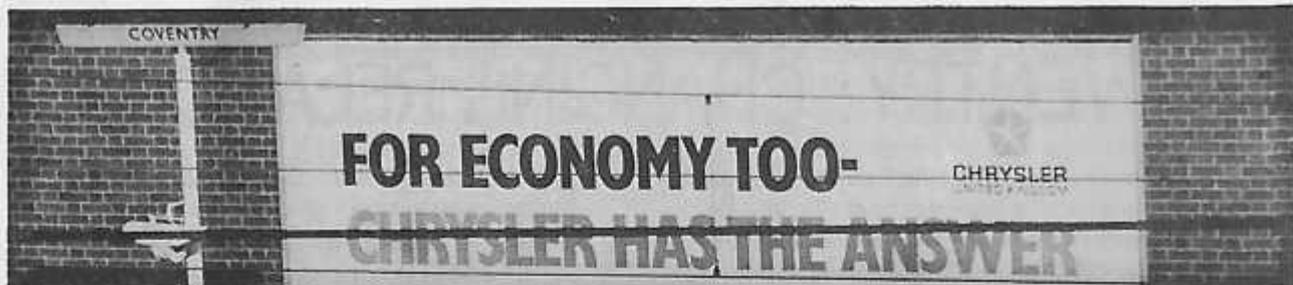
Capital Works

These two factors have resulted in a heavy programme of capital works in Coventry since the war. It is estimated that the total public and private investment in major building and civil engineering construction in Coventry between 1945 and 1966 amounted to £195m (at 1966 building costs). By 1973 the Corporation's annual turnover had reached nearly £70m, with a capital programme costing between £10m and £15m a year for each of the next five years, and a total net expenditure running at well over £30m a year. I have suggested that one of the ways in which this expenditure can be regarded is as social capital: public investment which contributes to profitable private accumulation by the engineering industry, on the one hand, and the construction industry on the other. In the case of the engineering industry, the local state provided much of the basic infrastructure, like roads, sewerage, water, electricity, and gas which industry needed to support its phenomenal and profitable expansion. In addition the local authority had to provide housing, public transport, schools, and health and social support services for the expanding population, and had to create the conditions in the community necessary to maintain the health and general 'satisfaction' of the labour force. In the case of the construction industry, the local authority contracts for the new housing estates, the inner ring road system, the traffic-free shopping precinct, new schools and community facilities amounted to a firm, forward agenda of big business for a limited number of building and civil engineering firms.

A Dangerous Partnership

By 1974 however, Coventry's relationship with both the engineering and construction industries was at a crucial turning-point. The city's employment is concentrated dangerously in the manufacturing sector. 63% of jobs in the city in 1971 were in this category as compared with an average of 39% for Great Britain as a whole. Furthermore, there is a concentration on four industries within that sector — motor vehicles, aircraft, mechanical engineering and electrical engineering — and these are particularly vulnerable to changes in the national economy. When the economy is buoyant and demand is high, employment in the city benefits from its narrow concentration, but when the national economy is depressed, the city's economy is precarious. Even more seriously Coventry's industry is particularly vulnerable to fluctuations in multinational capitalism. Fifteen major companies employ 90% of the entire workforce of all firms employing more than five people in Coventry's manufacturing sector. Two thirds of the workforce are employed by just ten multinational firms, each with assets of more than £20m. Four of these — British Leyland, GEC, Courtaulds and Dunlop — are among the top ten British-based multinationals, while the other two — Chrysler and Massey Ferguson — are at the top of the list of foreign based multinationals. As the home market for cars nears saturation, and as the motor industry is increasingly challenged by overseas competitors, the engineering industry has concentrated into larger and fewer combines in order to remain profitable. This has resulted in precarious employment and the threat of large-scale redundancies. The industry has also become less labour-intensive as firms invest in more sophisticated forms of technology in order to get the greatest output for the smallest cost. There is less of a demand for semi-skilled and unskilled workers and these sections of the workforce are at risk.

The period of 1961 to 1966 can be seen clearly as the crest of the boom in Coventry. Since 1966 there has been a steady decline. A key factor has been the massive shrinkage of the aircraft industry in the early sixties. This industry has been making



people redundant over the whole country (a decline of 18% in jobs between 1961 and 1966) but in Coventry the contraction was nearly three times as great (a decline of 50% between 1961 and 1966). The machine tool industry, which employs about 10% of Coventry's workers has also been 'rationalised'. The imbalance of the employment structure, with, for example, only 34% of jobs in the service sector compared with an average of 52% for the country as a whole, means that there is a limited range of alternatives available to people made redundant, or unable to survive the increasing speed and pressure of work on the car-track. Although attempts are being made to broaden the base of Coventry employment, the kind of jobs brought in (e. g. office work) do not provide realistic alternatives for those most at risk. The unskilled workers have experienced the worst unemployment. In December 1971 the ratio of unemployed men to vacancies was 528:1 for labourers in the engineering and allied trades, compared to 12:1 for clerical workers as a whole. (13)

Carrying The Can

For the last hundred years Coventry has acted as a storage-tank for labour to service the profitable boom in the vehicle and machine-tool engineering industries. Those industries have now saturated and exhausted their markets in the West, and face a major crisis of profitability. The city may all too soon become a massive pool of redundant and unemployed labour, a memorial to a spent phase of capitalism. (See the discussion document *A Time for Action (Economic and Social Trends in the West Midlands)* prepared in September 1974 by the West Midlands County Council.) The local authorities have so far tended to support and service the engineering industry in the search for new markets and new profit-making contracts. Among other attempts there have been trade missions of local industrialists, led and blessed by the Lord Mayor and other prominent councillors, sent to Germany, Russia and China; and Birmingham City Council has supported to the tune of £17m the new National Exhibition Centre.

What they have not done is raise political questions about whether industry should not be forced to carry the costs of its cast-off workforce.

The city's land has also been plundered, in addition to its labour. The expansion of industry and of the labour force has put increasing pressure on Coventry's land resources. It is now predicted that Coventry will run out of building land within its own boundaries in the next fifteen years. In this situation the older, inner-city areas develop a new scarcity value. The Council's intervention through compulsory purchase and redevelopment exposes major conflicts of interest over the ownership and use of land in the inner-city. The traditional role of the inner areas, providing a supply of relatively cheap housing for newcomers to the city and for lower-paid and lower-status workers in both the manufacturing and service sectors, is now being challenged. It is under pressures to perform further central area functions, providing sites for a central hospital, health centre, office blocks, a hostel for hotel workers, and night-life entertainment, to mention just a few. Again it is the ordinary men and women of Coventry who carry the heaviest costs. With fiercer competition for the ownership and use of land, and for the use of the building industry's machinery and labour, it is increasingly only the large investment companies which can afford to undertake development in the city. While lucrative office blocks and hotels spring up rapidly, house building slows down and the problem of homelessness becomes more and more acute. The local authority continues to contribute to the 'calculability' of the economic environment for private developers, by assembling land into sufficiently large parcels for development and by processing planning permissions; but the residents of Coventry get a smaller and smaller share of the benefits, whether in terms of public facilities or of contribution to the rates. (The 1973 revaluation of the rates shifted the burden away from industrial and commercial rate-payers and onto the domestic sector. Working-class council housing had the heaviest increase of all.) (14)

4 THE PRICE OF CHANGE

The 1974 re-organisation of local government into larger metropolitan and county units can be partly understood as an adjustment of the state apparatus to accommodate changes in national and local capital. Both the re-organisation and the Crowther Committee's recommendations implied that it was the regional and metropolitan levels of government that were to be built up. 'Strategic' planning is being taken out of the control of the local authorities and handed over to the administrative tier above. This is likely to have a number of consequences.

Conflict Concealed

1. Focus on the larger planning units is likely to conceal a number of the inequalities which are apparent when more detailed information is used. Conflicts of interest which are becoming more visible and explicit at the local government level can be given less prominence when looked at from a new plateau of 'strategic' generality. The name of the game is 'aggregatics' — 'a form of mental acrobatics in which non-spatial macrogestimates are juggled in the air without reaching the ground in any territorial entity smaller than the nation itself'. (15)

A Safe Distance

2. As responsibility for the new 'Structure Plans' lies with this upper tier of government, major decisions about the allocation of land, the development of industry and employment, and the distribution of population will be made even further away from the consequences of such decisions. The local authorities will continue to face the repercussions of wider decisions of this kind. But ordinary people will find it even more difficult to trace the political connections between the symptoms of social distress, like homelessness and blight, and their underlying structural causes. This higher tier of government tends to deal with issues as if they were mainly technical problems, and highly complex ones at that. It plans for enormous geographical areas and huge time-scales (like ten year forward plans). The overall effect can easily be that the issues involved and the

decisions on them are removed from open political debate. But this doesn't change the fact that such decisions eventually have major implications for ordinary peoples' lives and advance certain interests at the expense of others.

New Relationships

3. The removal of strategic issues of this kind into the upper levels of metropolitan and regional government allows new sets of relationships to be developed between public and private interests. To some extent there have always been informal negotiations between the captains of industry and the managers of government; but these are increasingly becoming a routine part of the formal process of government. Special units are being established to service such relationships at the local level. In their recommendations on a new management structure for Sheffield County Council, Urwick Orr & Partners suggested an economic unit to 'ensure an effective channel of communication with industry and commerce regarding likely future needs and developments'. Liverpool Corporation has an Industrial Development Unit which has published a series of booklets called Effective Management in Merseyside. Their purpose is 'to assist businessmen who may be unaware of how well workers and management perform on Merseyside'. Their booklets argue that Liverpool workers are the best time-keepers in the country and that 'with proper supervision, the Merseysider really does give good value for money'. The regional economic planning councils, whose reports set the economic context for the structure plans, are heavily dominated by senior industrialists and members of the Chamber of Commerce. In the case of the members of the West Midlands Economic Planning Council, the chairman since 1971 has been Quinton Hazell, a millionaire who was head of a local motor components firm. Local government re-organisation makes it possible for bigger firms whose interests cut across local authority boundaries (the motor industry in the West Midlands, for example) to 'reconcile' their forward plans and negotiate their needs for land, planning permissions and roads over a wider metropolitan area of government.

If, as I have suggested, the bigger units of local government are better placed to serve the interests of big business, and to maintain the kind of environment and infrastructure in which industry can flourish, it is the ideology which surrounds local government re-organisation that legitimates such functions. This may be

illuminated by exploring three dimensions of local government further:

1. The nature of current organisational changes.
2. The 'new' ideology within local government.
3. Current changes in the balance of power between different interests within local government.

5 THE CASTRATION OF THE COUNCILLOR

'We tend to meet any new situation by re-organising; and a wonderful method it can be for creating the illusion of progress, while producing confusion, inefficiency and demoralization.'

Gaius Petronius, 1st century AD
(Petronius later committed suicide.)

Organisational Changes

The organisational changes that are most popular in local government at the moment fall under the general label of 'corporate management'. Its basic proposition is that local government can no longer be treated merely as a series of separate services set up to fulfil various statutory duties. Instead, in order to tackle complex community problems, local government must be organised and managed as a corporate whole. The proposals for achieving more systematic forward planning and better co-ordination commonly include:

1. The creation of a Policy and Resources Committee (consisting of the chairmen of the major service committees or other senior elected members) to provide co-ordinated advice to the Council in the setting of its plans, objectives and priorities.
2. The appointment of a Chief Executive to act as leader of the officers of the local authority and principal adviser to the Council on matters of general policy.
3. The setting up of a management system usually based directly or indirectly upon the American concept of PPBS (Planning, Programming and Budgeting Systems). The PPBS approach sets objectives, plans programmes to try to meet those objectives, and develops a budget which attempts to measure outputs as well as inputs.

Organisational change is not new to local government. Between the wars Manchester experimented with greater co-ordination and planning. In the early 1950s the Treasury prepared an Organisation and Methods review with Coventry. But the real spate of management re-shuffles has followed the Maud Royal Commission of 1969. One of the distinctive features of this phase has been the role played by private business consultants. The American firm McKinsey & Company Inc. has prepared management reports for Liverpool (1969), Greenwich (1970) and Hull (1971). Other local authorities have commissioned English consultants: PA Management Consultants Ltd. for Walton and Weybridge (1967); Urwick, Orr & Partners for Sheffield (1968), Booz, Allen and Hamilton for Stockport (1970). Similar management changes have been adopted by many other local authorities without specific reports from business consultants, but as part of the general culture of organisational change since Maud. The Institute of Local Government Studies has played an important role in promoting changes in organisation and management, and in training senior officers for new roles.

The whole 'corporate management' creed has been sanctified by the Bains Committee report on The New Local Authorities: Management and Structure published by the Stationery Office in 1971. The report's recommendations already appear to be hallowed thinking in a high proportion of local authorities. A survey(16) carried out by the Institute of Local Government Studies in 1969-70 found that 43% of the London boroughs, 31% of the county boroughs and 21% of the county authorities already had a policy committee, a principal officer and a management team. Only one of the London boroughs, 20% of the county boroughs and 32% of the county authorities employed none of those three approaches. The proportions have certainly increased heavily since

the 1974 re-organisation,

Whose Blueprint ?

There are a number of striking points about this movement of organisational change. The changes being adopted by different local authorities are all remarkably similar to each other. There are only very minor variations around a common theme. This is particularly striking in the case of the business consultants' reports. The McKinsey reports for Liverpool, Greenwich and Hull contain only relatively minor differences of emphasis in their recommendations. More surprising still, the reports by the other firms make almost exactly similar recommendations for their various local authorities. A cynic might be forgiven for imagining that business consultants have a standard report which serves as a skeleton for all situations. The similarity of thinking about local government thus probably arises less from a profit-making conspiracy between consultants, than from a shared set of assumptions about the nature of local government.

Councillors Contradicted

These assumptions are based on a model of local government as a financial corporation. The councillor is organisationally in a very contradictory position. He is elected to represent the interests of a small geographical area. He is also a member of a party with commitments to collective interests in the wider residential and industrial community. But once elected he is appointed to serve on a series of committees which are organised not around any of these political interests but around Corporation departments — education, housing, or social services for example. These departments are concerned with the provision of city-wide services, and by and large they treat the city as a uniform whole. Sectional interests, whether of wards or of classes of people, are generally subordinated to those of 'the general population'.

The organisation of council committees in this way can put the councillor at a disadvantage in relation to his technical advisors. The councillor has specialist knowledge about the ward he represents and about the overall needs of other groups whose interests he shares. It is officers who are in a stronger position to build up information about a department's services in general city-wide terms. Their picture will be built up

largely through desk research (analysis of survey data, forecasting of trends, etc.), not through the political representation of concrete needs. The effect can be to generalise the issues to a point where conflicts of interest are no longer apparent and where they can be treated as neutral technical problems. Once the management system has translated an issue into an abstract technical matter it is harder for councillors to question the grant design. Concrete problems are then treated as isolated mistakes to be corrected, rather than questions of policy.

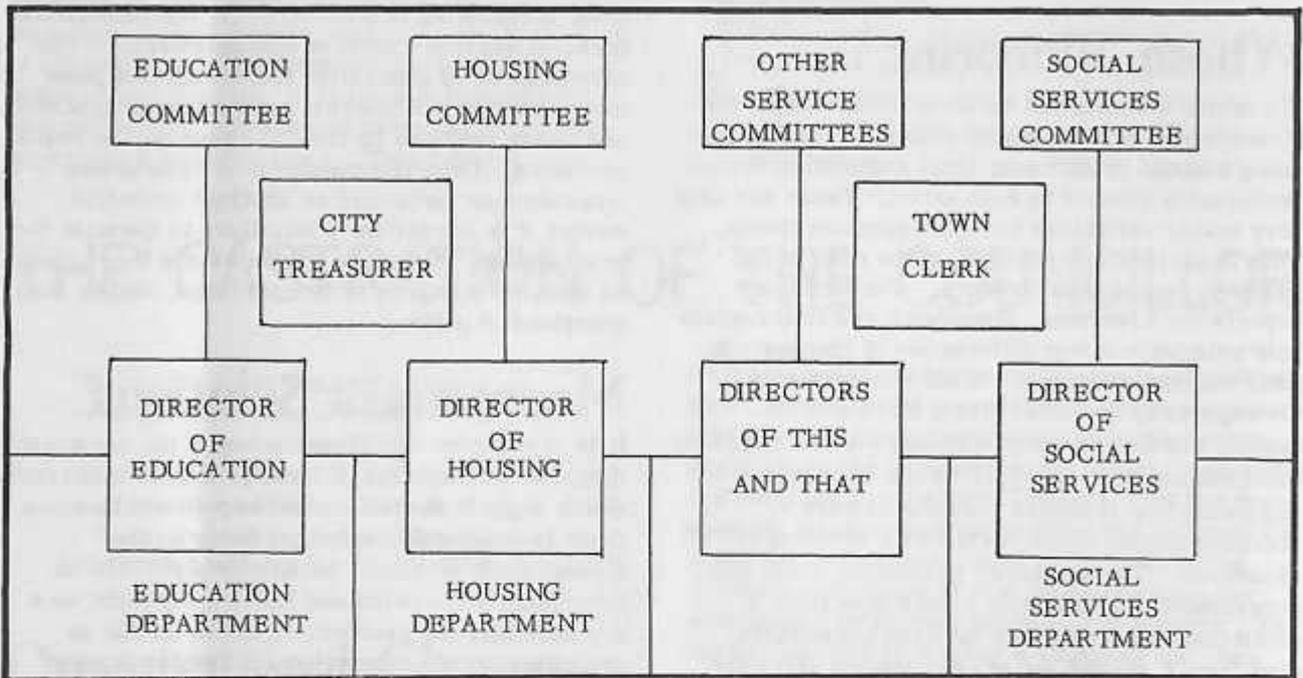
Management Solutions

It is significant that though many of the consultants diagnose the problem of local government in terms which suggest the failure of the political process, their recommended solutions focus on the management process. McKinsey's reports on Liverpool, Greenwich and Hull all highlight as a key difficulty the problem of how to decide on priorities among competing claims for scarce resources. This is surely the central political question for any elected assembly. But the solutions suggested by the consultants imply a model of the City Council less as a body of elected representatives, than as the Board of Directors of a large investment corporation. The electorate are seen as shareholders, and elections as the equivalent of an Annual General Meeting:

'the vital tasks facing a city government, therefore, are to allocate funds in such a way that balances the benefits of its services, to extract full value for every penny of expenditure, and to ensure in the process that the wishes of the electorate, as expressed through the implied approval of policies put forward at election times, are carried out as far as possible'. (17)

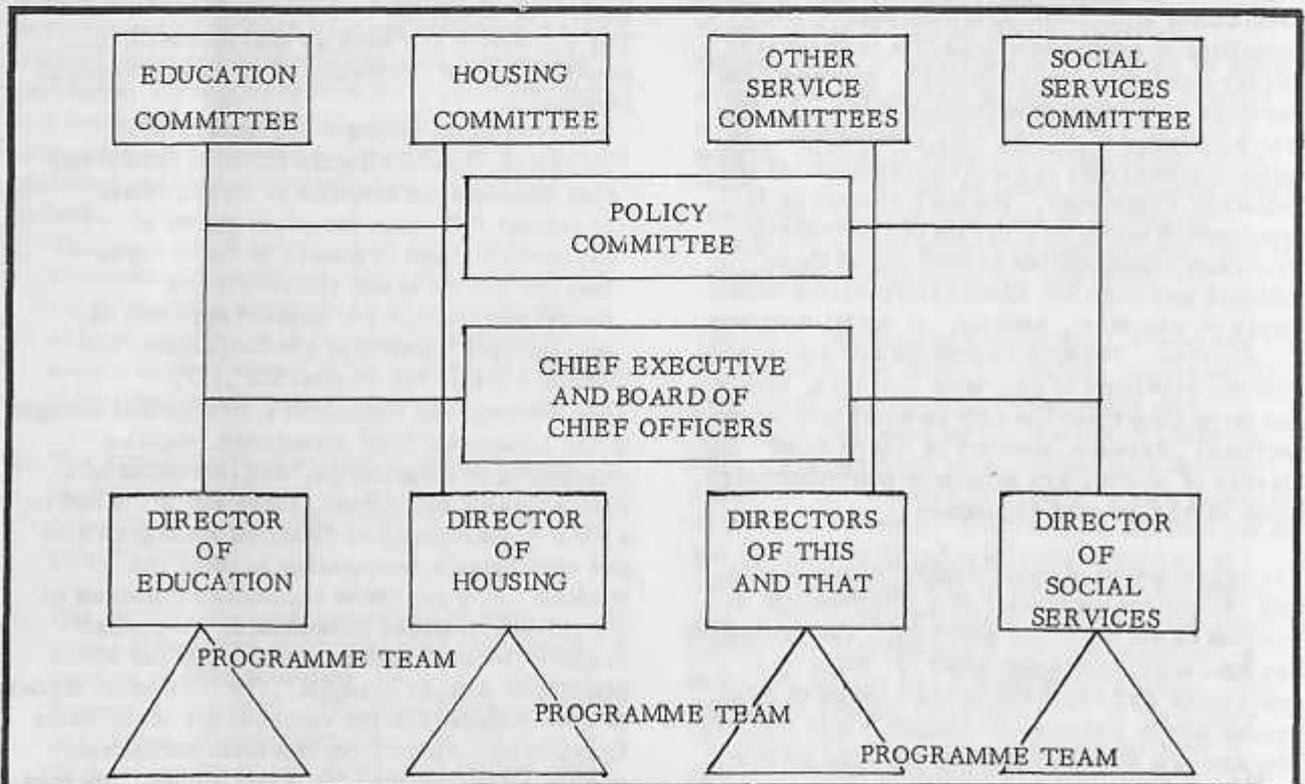
Thus although the consultants recommend changes in the formal political structures, such as regrouping of committees, and formation of a central policy committee, these are all based on a view of politicians as financial managers who are only loosely accountable to their shareholders. Nor are these assumptions limited to the private business consultants. A similar model of local government underlies the Maud, Mallaby and Bains reports. The 'business' model is even reflected in the composition of the Bains Committee. Apart from the local authorities and the Department of the Environment, the only other interests represented were those of large

1 TYPICAL LOCAL AUTHORITY STRUCTURE



Town Clerk and City Treasurer in advisory and co-ordinating roles. Town Clerk may be first among equals, but has no directorial power as such.

2 TYPICAL CORPORATE MANAGEMENT STRUCTURE



Centralisation and co-ordination of members and officer structure at a number of levels, concentrating control at a central node of Policy Committee and Chief Executive.

financial corporations: the chairmen of Kleinwort, Benson Lonsdale Ltd and Ralli International Ltd on the Steering Committee; and the Company Secretary of ICI Ltd on the Working Group.

Eyes On The Top

One of the consequences of this view of local government is that attention tends to be focussed exclusively on the apex of the organisational pyramid. It is assumed that the significant management decisions are to be made at the top. The organisational changes which have taken place throughout local government tend to cream off a new, or at least a different, 'managerial elite' from among both the officers and the elected members. The traditional structure (diagram 1) involved a strong relationship between a department Chief Officer and the Chairmen of his Committee. This 'pair' would bargain direct with a Policy and/or Finance Committee for the share of the resources that would come to their service. This resulted in a number of dispersed centres of power within the authority and favoured the individual charismatic Chief Officer or Chairman. The new structures (diagram 2) overlay this departmental pairing with a new set of alliances between, on the one hand, Chief Officers on the management team, and on the other, senior elected members on the central Policy Committee. This has far-reaching effects. Firstly, an important new 'pair' is created between the Chief Executive and the Chairman of the Policy Committee. Secondly, the influence of staff upon their departmental Chief Officer is now counterbalanced more heavily by Chief Officers from other departments. A similar effect is created within the political structures by the emergence of a central Policy Committee as a new interest group. This to some extent cuts across and counterbalances not only the pairing relationship between Chairmen and Chief Officers, but also the influence of 'rank and file' councillors upon the chairmen of the various committees.

Pig In The Middle

Such developments at the apex of both the officer and the elected member pyramids are frequently complemented by greater co-ordination at middle-management level through inter-departmental bodies like 'programme teams'. This tends to mean that the onus of reconciling conflicts of view and achieving consensus on issues is pushed

down to the third tier of the officer structure. Such bodies are often recommended by management consultants as the forum for creative thinking about alternative solutions to problems. In practice they often seem to act as a filtering device, screening out 'wild' ideas from below, and buffering Chief Officers and Committees from critical or dissident pressures from within departments. Current management reforms more rarely, but occasionally, also include a measure of decentralisation and delegation down to the field level.⁽¹⁸⁾ However, in practice this seems to involve increased administrative responsibility more often than any significant new powers in central policy making. The result is often that field staff are further burdened with day-to-day administration. So they become overwhelmed and even less likely to be able to raise the underlying policy questions which are often implicit in the individual problems which the public present to them, or which are apparent to them in their fieldwork. Current organisational developments thus may tend to harden the division between policy-making and implementation — between those who are incorporated into the 'management' part of the pyramid and those whose work brings them into contact with the outside world.

An Old Story

Organisational changes like those discussed in previous paragraphs are preoccupying local authorities all over the country. Local government re-organisation has been heralded with a new gospel of corporate management, but it is clearly a revised standard version rather than a new translation from original sources. The most widespread public criticism of government today is about the failures of representation and accountability in the democratic process, rather than about problems of management in the bureaucracy. Yet, the recent organisational changes are almost entirely preoccupied with the latter. Few local authorities seem to be using the 1974 re-organisation as an opportunity to develop new structures to strengthen the role of the councillor as an elected 'representative' as opposed to a financial 'manager', or to test new opportunities for participative and accountable government, in spite of the widespread publicity of a number of fashionable ideas in this field. Some of the reasons for this may become clearer if we look more closely at the rhetoric which surrounds these organisational changes.

6 THE MAKING OF MANAGERIAL MYTHS

'Any ideology must be inspected in terms of whose interests it ultimately advances.'

Elliott Krause

The organisational changes described in the previous section are put forward by their exponents as part of a more systematic approach to governmental decision-making. Previous traditions are caricatured as 'muddling-through' or, in the jargon, 'disjointed incrementalism'. By contrast, corporate management claims to develop more comprehensive and rational decision making. A number of sophisticated management techniques* are often drawn upon: systems analysis, operational research, programme budgeting, network analysis. But the sequence of decision-making for corporate management in local government commonly follows a simple enough logic:

1. identify needs
2. specify objectives
3. consider and evaluate alternative actions
4. select priorities
5. measure outputs and monitor performance

The language suggests that the process is geared towards the choice of relevant political strategy. Certainly the corporate managers frequently claim that their systems exist to help councillors make

*It is notable that many of the management techniques now fashionable in local government were originally developed in private industry and defence. General Motors adopted programme budgeting techniques as early as 1924, and was followed by Ford Motors after World War II. The Rand Corporation applied PPBS techniques to weapon systems for the US Air Force after World War II, and from 1961 onwards, they were extensively taken up for long-range military planning by the American Department of Defence. Operational Research originated in the application of scientific method to the decisions of warfare, and since World War II has become widely accepted in industry as an activity which can assist management.

better informed and considered political decisions. It will be useful to discuss each of the steps in turn drawing on illustrations of what they seem to involve in practice rather than in theory.

1. IDENTIFYING NEEDS

Corporate planning literature seems to see the identification of needs more as a problem of how to measure them than of how to define what they might be. The notion of need is rarely related to any explicit theory about the urban system. The assumption seems to be that everyone knows what a need is. In practice 'need' is often taken to refer, not to any concrete theory at all, but simply to 'gaps' in provision. 'Gap analysis' has even entered the technical jargon of corporate management. The gap is seen as the difference between existing provision of services and 'the standard' set for that provision. Standards are either set by statute — thus the law states that there should be one school place for every child between the ages of 5 and 16; or by government recommendation, like the Ministry of Transport standards for street lighting or highway maintenance. But required standards in many services are often only a reflection of professional pressure or sectional interest groups. Such standards are often expressed in ratio terms, e.g. one library for every 50,000 people.

Whose Need ?

This approach to need, far from being a purely technical matter, clearly enshrines a number of distinctive value-judgements. First, it assumes that society is homogeneous, and that needs are uniform throughout the population. The categories of need are usually only broken down in terms of broad age-bands, — like the needs of the elderly or the pre-school child, — or of specially vulnerable groups such as the disabled. This obscures a whole range of diversity within the larger categories (e.g. the different 'needs' and aspirations of the working class). Nor does it take account of the differences in need between people in different geographical areas. In spite of the growth of small area studies of various

kinds, areas where problems are found to be particularly acute are normally treated as isolated pockets of social malaise rather than part of a map of inequality. The treatment is to give them a specially strong dose of medicine rather than to examine the disease.

Broad-grain categories of need thus fail to reflect the inequalities within the population. The possibility of a basic conflict of interests or needs between different classes within society is ruled out. The needs which are defined as unmet, but known and measurable, are not common human needs, but those of the currently dominant interests in this society.

Self-Fulfilling Prophecies

Secondly, the measurement of need by broad categories brings whole sections of the population within the orbit of official definitions simply by virtue of their age, status or nationality (e.g. the pre-school child, the elderly, the handicapped, the immigrant).

These are more often defined as 'client-groups' 'in need' or 'at risk' than as 'citizens' with 'rights'. They can then be labelled as lame ducks in need of state help. This can become a self-fulfilling prophecy. Present methods of state provision can be argued to reduce recipients' sense of status and increase a sense of inferiority. Exchanges which create 'givers' and 'receivers' perpetuate states of dependency.(19)

Some local authorities are trying to make their identification of need more precise by mapping the distribution throughout their areas of certain selected problems. Such malaise studies sometimes conclude that particular correlations seem to be especially significant. This leads to the isolation of certain factors of useful indicators of need. The fact that these are sometimes called 'pathology indices' again shows the stigmatization that can take place in the supposedly neutral process of identifying need.

On The Record

Another of the problems with such exercises comes from the use of departmental records as one of the statistical sources. Such data usually says more about the operations of the agency concerned than about the actual incidence in the

community of a particular need or problem. First, they only record those sections of the population who are already in contact with existing services. The problem is more than just the gap between need and 'demand'. The social processes by which people come into contact with official agencies, receive particular services, or get accepted as clients, are complex and to some extent arbitrary. Statistics collected by agencies, therefore, cannot be taken as a representative sample of those actually in need. Furthermore, the data collected by agencies is governed not just by their own activity and detection rates, but also by their definitions of what constitutes need. These definitions include class and cultural assumptions as well as professional interests. For example, a working-class family's difficulty in budgeting a low income may be defined by a social worker as a failure to plan ahead and they may be taken on for family casework; on the other hand, a woman's need for a day nursery place for her children to allow her to go out to work to supplement the husband's low wages may be defined by that profession or agency as illegitimate and not 'a suitable case for treatment'. Agency records, therefore, give a biased reflection of need. A number of research studies suggest that the bias is systematically to the disadvantage of the working class.(20)

Never Mind The Quality

Thirdly, the pressure within corporate management is to measure needs in a form which enables them to be compared with other needs. This has a number of important consequences. Quantity is easier to measure than quality; the physical and economic easier to measure, and attach money values to, than the social. As the values of property and other physical capital items are more readily quantifiable than those of social capital (e.g. the value of a person's 'investment' in a neighbourhood), this approach to needs will always be biased towards the interests of the middle class.(21)

Empire Building

Fourth, the definition of need as the gap between existing provision and the professional/technical standard could easily become both inflationary and reactionary. Because needs are estimated in terms of ratios, e.g. home helps per 1,000 population, the effect is to divert attention away from the real situation onto the range of available

services and solutions. The 'need' in this case is assumed to be for home helps. This is the need as defined by the department and not necessarily the customer's preferred solution (perhaps they'd prefer money to employ domestic help) to the problem as he or she experiences it. Measurement of need in these terms thus tends to advance the interests of the department or the profession in question. In many fields of local authority spending 'gap analysis' is measuring an almost bottomless pit, e.g. the needs of the elderly. It provides sophisticated ammunition for service departments to bargain for more staff or bigger budgets. The effect can be to increase professional empires without necessarily supplying better solutions to needs and problems.

2. SPECIFYING OBJECTIVES

The setting of objectives for a local authority might be presumed to be one of the most crucial areas of political debate. What do we want to achieve? Who is to be benefited from the resources available? What problems need tackling and what needs to be changed? The objectives specified in most of the corporate plans however are almost entirely non-contentious. In fact many of them are so unexceptionable as to be faintly boring. In many cases they are expressed as Utopian ideals with which it would be impossible for anyone of any political or moral persuasion to disagree:

'To assist in achieving and maintaining the optimum standard of community health and well-being for people in the City'

'To enrich the lives of the people by the optimum personal development of each individual in the community'

To which the congregation — of any political denomination — must naturally reply 'Amen'.

In most authorities the objectives are not even generated within the political system. They are prepared in detail entirely by officers and submitted to councillors for their confirmation in their final draft form. The practice of working from the top down, starting from statements of large-scale goals and objectives means that the social system is always presented as conflict-free and acceptable to all. This obscures the conflicts of interest which would be obvious if the exercise began in the political process. However, it is clear that, in spite of the rhetoric, the

working 'objectives' of corporate management systems are not expressions of explicit political goals at all, but standards or targets of achievement required for management control purposes. In management terms the purpose of setting objectives is to help rationalize and control the activities of various departments and to measure the levels and rates of production of the Corporation's goods and services. The *Coventry Management Handbook* makes this clear when it advises that if an objective cannot be measured, the objective is changed until it can:

'For each objective and sub-objective, teams should attempt to state those measures which could be used as a basis for determining the extent to which an objective has been achieved. This will be a difficult process and may well reveal the need to re-define objectives in a way in which they are more capable of being assessed in terms of achievement.'

The fact that those services are intervening directly in people's lives, and in what conditions and how they lead them, is conveniently obscured.

3. EVALUATING ALTERNATIVES

One of the main claims of corporate management is that it helps to sharpen up political choice by systematically analysing alternative policy-solutions. The search can either be for more effective ways of tackling problems within a given amount of money, or for more efficient and economic ways of carrying out a given programme. Current approaches include systematic techniques like issue analysis, cost benefit analysis and value analysis as well as more speculative 'lateral-thinking' techniques like brainstorming, Delphi, alternative futures, and gaming simulation.

Even commentators committed to corporate management admit that the results of these exercises have so far been generally disappointing. A selection of comments will suffice:

'PPBS does not urge the educational system to re-examine its objectives and global structures.'
(22)

'The programme budgetary exercise does not challenge the existing assumptions. It brings in people with economic modes of thinking who are better able to support the existing aims ... New programmes, such as urban recreation, may be added on but there is no intention of

subtracting from the basic missions these agencies have performed in the past.' (23) The short-list of alternatives to be considered is normally drawn up by officers. As Wildavsky asserts:

'Evaluation, which criticises certain programmes and proposes to replace them with others, is manifestly a political activity.' (24) But the array of alternatives brought forward for political consideration will have been filtered through professional presuppositions, stereotypes and value judgements.

Through The Filter

One possible effect is to exclude alternatives which work against the interests of the local government officer. Policy analysis of this kind is sometimes conducted by special units within a Treasurer's, Town Clerk's or Chief Executive's department. In these cases there may be some questioning of the expenditure of social departments, particularly those like education and social services which are expanding rapidly. But the need to maintain working alliances between the different departments will normally ensure that there is no radical disturbance of the status quo. This may be slightly less true in central government. The Treasury, the Cabinet Office and the Central Policy Review staff have developed management exercises like PESC (Public Expenditure Survey Committee) and PAR (Programme Analysis and Review) which allow some questioning of other departments' programmes. It remains to be seen how original their alternatives are, or how effective they are in getting them implemented.

Vested Interests

Another factor is that in many ways different departments have vested interests in common. Central and local government provide the context for the development and expansion of a number of professions. Solutions to problems which erode the role of the professional will not readily come high on the list of alternatives considered. In fact, it would not be surprising if corporate managers were to see the need for more corporate managers! This is less flippant than may at first appear. Many of the growth areas in local government (e.g. social services) are very labour-intensive. The total wage-bill of around £4,000m is expected to account for 55% of the total costs of local government in 1974-75. A recent (1974)

investigation of the bonanza in pay and jobs since the re-organisation of local government found no fewer than 14 people earning between £5,000 and £11,000 in one finance department alone(25).

Getting Rid Of Politics

The range of alternatives presented to elected members is restricted not just by the more obvious interests of the departments and professions, but also by the value-systems of the technocrat. The new mandarins of corporate management are not exempt from Karl Mannheim's criticism that

'the fundamental tendency of all bureaucratic thought is to turn all problems of politics into problems of administration'.(26)

Problems are translated into technical terms which are then looked at through one or other of the analytical techniques. The effect is to depoliticize issues. A good example of this process is provided by the 1973 Structure Plan for Coventry. This is an ambitious attempt to plan the local authority's intervention within 'the social, economic and physical systems' of the area for the next ten years. It obviously has major political implications. It is worth studying in detail as an example of how issues are depoliticized by their treatment as technical problems.

Who Gains, Who Loses?

Public programmes never benefit everyone equally. Costs and benefits are not even distributed randomly throughout the community. Some groups persistently gain more than others, and sometimes at the direct expense of others. It is someone in particular who gains and someone in particular who loses. In the case of the inner ring road, for instance, it may be the car-owning home-owners in the suburbs who benefit most, while the tenants in the inner suburbs through which the road passes are the ones who lose.

If a Structure Plan is to expose real political choices for elected members and the public to grapple with, it is important to predict which particular groups of people are going to benefit most from each alternative policy, and who are going to be the losers relatively. But in many ways the Coventry Plan in its present form poses false alternatives. The neutering of the choices

takes place because the Plan has been drawn up around broad abstract ideas (e. g. 'Community Health and Well-Being') instead of particular groups of people (e. g. pensioners). It is also because the Plan has tried to weigh up the gap between existing provision and the required standard and how and where the Corporation should best spend its money, but has not weighed up who in the community is going to gain, and who is going to lose, in each of the various alternative proposals. In other words, it has measured the Corporation's inputs and outputs but not the outcomes for different sections of the community.

A Class Interest

The search for, and choice between, alternative means of achieving specified ends is clearly a political process. This process is depoliticized by the officer system in order to legitimize the role and status of the technocrat:

'...the welfare state technician finds justification for his special and prominent social status in his 'science', specifically, in the claim that social science can support a technology of social tinkering in a domestic or international scale. He then takes a further step, proceeding, in a familiar way, to claim universal validity for what is in fact a class interest — he argues that the social condition on which its claims to power and authority are based, are, in fact, the general conditions through which alone modern society can be saved; that social tinkering within a welfare state framework must replace the commitment to the 'total ideologies' of the past, ideologies which were concerned with a transformation of society. Having found his position of power, having achieved security and affluence, he has no further need for ideologies that look to radical change.'(27)

The technocratic value-system is itself a necessary part of a wider system of social relations. This constrains the search for alternatives and ensures that they fall within the narrow limits of the status quo, and raise no significant challenge to existing class relations.

4 SELECTING PRIORITIES

William Gorham, in his testimony to the American Joint Economic Committee, accepted that 'the grand decisions — how much health, how much

education, how much welfare, and which groups in the population shall benefit — are questions of value judgements and politics. The analyst cannot make much contribution to their resolution'. This is perhaps generally accepted among corporate planners in terms of the grand decisions. There are those, however, who see even these questions as susceptible to technical solution eventually. The Borough Treasurer for Teeside CBC describes a Long Range Planning Model which his department had developed. There seems to be a note of regret as he reports that

'There is at present no satisfactory theoretical method which would enable an 'optimal' distribution of resources to be calculated without reference to officers and members'.

Few technocrats would probably be as mechanistic or messianic as this. But more familiar techniques like cost-benefit analysis, which are used to help decide priorities raise very similar kinds of questions. It is now well argued that the techniques are themselves value-laden — that values intrude in the process of analysis, not just in the content. The key values are that

1. all consumers know their best interests
2. any measure which improves one person's position without making anyone else worse off counts as an increase in welfare.

This effectively excludes any questions about inequality, because even if the income of the wealthiest member rises, everything else equal, the society's welfare has increased.

There are other features governing the selection of priorities which are more specific to corporate management systems. Priorities will be selected according to the set of templates which the particular management system deals with. These are normally related to broad service functions like community health and well-being, leisure, education, rather than to groups of people. Priorities will be considered and discussed within those management frameworks. Broad-grain management categories in effect ensure that priorities are considered at a level of generality which treats the population as homogenous. The choice of priorities is either considered within programme areas — should we spend more on social workers or more on home helps? Or as between one programme area and another — should we spend more in roads department or in parks?

Expressed in these terms they assume that local authority activities and programmes benefit the whole client population uniformly.

Certain policies, like free school meals, are intentionally and explicitly selective, and here the main question is whether the benefits actually get to the target group intended as priority. There is an increasing awareness of the extent to which the main benefits are often creamed off by non-priority groups (e.g. improvement grants being taken up for second homes or gentrification). On the other hand, many local government services are seen as universal, or at least as serving a generalised common good. It often seems to be assumed that the bringing of goods and services under public sector control removes them from the inequalities operating within the private sector. But it is becoming clear that, far from ensuring greater equity, public sector programmes often have the unintended effect of reinforcing the very problems they have been set up to solve (e.g. redevelopment improving the housing stock but not rehousing the most needy; and even in the process increasing the housing stress for the most disadvantaged). These negative costs are increasingly recognised and sometimes included in cost-benefit calculations. But the problem is not primarily one of computation or social accountancy. More fair and effective public programmes are not likely to come from improved planning or management. What is needed is a re-assertion of political and democratic control over the bureaucracy. The treatment of priority-setting as a part of the corporate management process obscures the fact that it is part of the basic political question of who gets what, when, how.

5 MEASURING OUTPUTS

The shift in emphasis in local government management from measuring inputs (how much money is put in) to measuring outputs (what that money buys) is an important development. The traditional annual budget may have been relevant in checking how much it was costing to provide certain

statutory services, but it was of little help in assessing how far the local authority was meeting needs or tackling problems.

The question of outputs has largely been discussed as a problem of finding relevant measures. Corporate managers argue that whereas objective criteria can be applied to physical health, the criteria for social health and well-being can in many cases only be subjective at the present time. The presence or absence of particular infectious diseases can be established by observation or by biochemical tests; but the presence of social or psychological stress can only really be determined by the client concerned. This kind of problem has led to the measurement of performance of local authority service departments rather than impact or outcome for the people in the community. For example, the number of health visitors per thousand population is measured rather than the distribution of infant mortality between different social class groups or neighbourhoods.

The problem is not simply one of measurement though: a prior question must be 'outputs for whom?' So long as needs are perceived as evenly and universally felt, and the community as sharing a consensus over goals, then intermediate measures of activity rates are acceptable. But if there are fundamental conflicts of interest and of values within the community, then the search must be for measures of the differential outputs for different sections of the public. Which class of mothers enjoys the output of nursery education in the city? Which neighbourhoods have benefited most from the city's open space policy, transport policy, shopping development? And which have lost what in the course of the redevelopment of the inner areas?

Not all resources are equally valued by all sections of the population. Output measures cannot be universalized. They must be specifically related to the objectives and the criteria of particular social groups. Again the problem of output measurement has to be placed in a political context.

7 POWER STRUGGLES IN THE TOWN HALL

'The executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie.'

Karl Marx

The last two sections have suggested that the organisational reforms and the ideologies which parade under the banner of corporate management tend to result in the substitution of policies for politics at the local level. The balance of power and prestige in local government is shifting even further towards managerial and technical experts and away from elected members — except those who subscribe to managerial values. Although officers still refer jocularly to the councillors as their 'Lords and Masters', an increasing range of issues is withdrawn from the traditional arenas of political debate — or at least enter those arenas only after pre-digestion by the technical system. The agendas of committees are more and more filled with issues which have been identified, defined, analysed and presented for decision not at the initiative of politicians but of technocrats. The forward planning of the corporate management system throws up issues, like ten year transportation plans, which often have major political implications in terms of tying-up future resources, and in terms of their differential effect upon different sections of the population. These questions are usually presented in highly abstract, technical terms. This not only sterilizes an issue of its political features but automatically puts the lay councillor at a disadvantage in debate with his technical advisers. The powerful central elite of Policy Committee and Board of Chief Officers is increasingly preoccupied with long-term macro issues of this kind. The more localised here-and-now issues which concern the junior ward councillors are more likely to be presented in terms of isolated problems or grievances.

This may mean that their wider policy implications are not perceived as clearly or given as much weight as the macro issues. Indeed ward councillors who persist in raising local issues too actively may be under pressure from their

party hierarchy not to rock the political boat, or disparaged by officers as mere political welfare officers.

The balance of power within local authorities is thus shifting even further away from elected members towards the officer system, and away from local politicians towards the managerial elite within the parties. This occasionally finds expression in outbursts like the one in Coventry in 1970, when the opposition councillors complained that the chief officers ought to be standing at the next elections as they seemed to be controlling the policy for the city.

Professional Jousting

However, it is an over-simplification to suggest merely that the shift in the balance of power is from elected members to officers. The officer system itself is currently the jousting-ground for a number of competing professional interest groups. Traditionally Town Clerks have been the first among equals among local authority officers. Town Clerks have been solicitors. This reflected a view of local government as the authority empowered to carry out certain statutory duties. Solicitors ensured that the authority's activities did not go beyond their legal powers while treasurers controlled expenditure and planners controlled land-use. Local government has now entered a phase when its activities and investments are so crucial in the national economy that these three brakes are too crude to control its expansion. Corporate management has emerged as a reflection of local government's importance as a financial enterprise, and the need to harness its operations more coherently. The centrality of solicitors is thus being challenged, first by planners who define their role in increasingly comprehensive and entrepreneurial terms, and secondly by treasurers who are now anxious to present themselves less as restrictive controllers of the budget than as expansionist investment managers. Furthermore, current developments in local government have created the conditions for the emergence of a new suprema profession. Corporate management provides new and lucrative career opportunities which are presented very

explicitly in some of the management consultants' reports(28) Since the 1974 re-organisation, salaries for many chief executives are around or above the £13,000 p. a. mark. This puts them as high as cabinet ministers and higher than all but the very top civil servants.

The Management Connection

It is perhaps even more significant that corporate management as a profession is not specific to local government. Unlike the traditional local authority officer, the new corporate manager can move easily between local government, central government, the public corporations and even private industry and commerce. His reference ideology and peer group is no longer one which unites him primarily to other professions in the service of local government, so much as with a new international breed of highly paid, numerate mandarins of management.

It is important not to see this simply as some kind of professional conspiracy. Although corporate managers clearly represent a significant new interest-group within government, their work is functional to a wider set of values and interests.

'Social science as a legitimizing device performs necessary ideological services for a society that has already announced the end of ideology as a populist activity. The end of ideology masks the end of politics as a significant mass activity, and its displacement by the rise of policy-making as the mainspring of political control. In the absence of mass legitimation through the electoral process or through the indirect authority of the people, politicians must seek legitimacy through the analytical process or through the will of platonic social scientists. If the world does not seem to be improving with this influx of new types into the political spectrum, the economic and social lot of the social scientist has improved.' (29)

Science For Overdogs

Gouldner has argued even more specifically that social science and policy science are used by the 'overdogs' who control the master institutions in society to gain information about the 'underdogs' in the welfare state and thus to reinforce social and political control.(30) In his terms, corporate management tends to unmask the in-



effectiveness of local services and by discrediting local government helps to impose the 'liberal' values and policies of a centralized welfare capitalism. He argues that this legitimizes the interests of existing overdogs in this society. This proposition contains some apparent paradoxes.

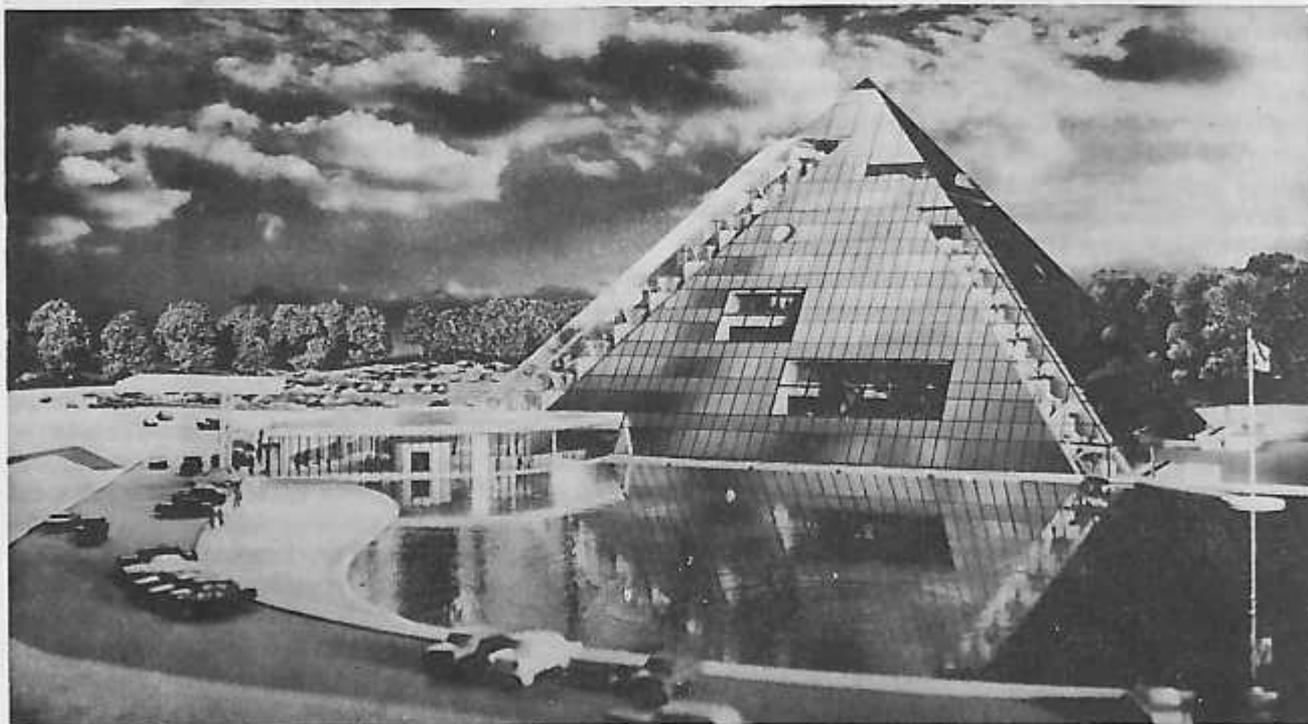
Local government is seen by some to be under the control of society's overdogs already, even without any intrusion from corporate management. For example, Hampton has argued that local government councillors are more likely to be male, middle-aged and middle-class than the population at large. Another survey of councils elected in the period 1958-61 showed that in all but two of the thirteen counties investigated, and in all but one of the seventeen Borough Councils, the middle-class element on the Council was at least twice as great as the corresponding middle-class group in its local population; and for five boroughs it was three times as great. (31) Morris and Newton in a study of the social composition of Birmingham City Council between 1925 and 1966 found that while social classes IV and V were almost entirely absent, social class I was heavily over-represented. For example, social class I formed only 2% of the city's adult population in 1951 but made up 75% of the Conservative and 16% of the Labour group in 1959. (32)

But Gouldner's notion of 'overdogs' goes beyond membership of the Conservative party or social class I. He contrasts the middle dogs who manage what he calls the caretaking organisations at the local level, with the overdogs in the master

institutions which shape the character of those caretaking establishments. A number of studies have traced the connections between the master institutions and the state apparatus at the national level. These have revealed the web of interlocking memberships between public and private bodies: merchant bankers and the leaders of top companies who move directly into government or onto government planning bodies, and nationalised industries; ex-cabinet ministers who move onto the boards of banks, insurance and industrial companies; and top civil servants who move freely between the civil service and industry and finance at the highest levels. (33) The Poulson affair has exposed a similar network of inter-connections between public and private bodies at the local level. It is unlikely that this is merely an isolated scandal, limited to local government in the north east. Poulson clearly made a series of indiscreet and mistaken judgements. However, the bankruptcy hearings uncovered a complex set of institutional relationships which are almost certainly part of the fabric of local decision making throughout the country. There has been much less research on such relationships at the local rather than the national level but I have already suggested that local government re-organisation will allow these to be established at higher levels of big business.

Who's Who ?

Even less is known about the interests of administrators in local government either in terms of their financial holdings or social background or value systems. Recruitment to the civil service administrative class has been shown to be predominantly from people with fathers in social classes I and II and who went to public schools, and then to Oxbridge. The social background of the new corporate managers in local government is less researched and probably less identifiable. My own impressions suggest, however, that the majority of chief executives have risen through the local authority ranks; that their social backgrounds are largely lower middle or upper working class; that only a relatively small proportion went to university; and that only a handful are Oxbridge graduates. However, some of the second or third tier posts in corporate planning or policy analysis units seem to be filled by people moving in direct from the private sector or from academic life. Corporate management has not only extended the career ladder and the financial rewards available in local government. It has also provided a foothold in a boom profession which is not limited to local government, and which gives access to even more lucrative opportunities in the public corporations and the private sector.



The administrator's dream? Winning design for Northampton's new County Hall, 1973, since postponed for economy reasons. photo John Donat

8 CORPORATE MANAGEMENT: THE CLASS BIAS

By itself, exploration of the interests, affiliations and values of politicians and professionals in local government can be misleading. The existence and behaviour of such a ruling elite is only a manifestation of a particular structure of institutional relationships, supporting particular sectional interests. Up to now this paper has largely concentrated on the shift in the balance of power in local government away from politicians and toward managerial and technical experts, and the resulting 'depoliticization' of issues. I have argued that this happens because conflicts of interest and value are neutralised, and because there is assumed to be a consensus of goals across all sections of the population. However, I have implied that the process itself involves a 'mobilization of bias' in favour of particular class interests. It would perhaps be helpful to conclude by exploring this in relation to a concrete example.

The Coventry Master Plan

Coventry's master plan, the Local Policy Plan 1973, was the first major product of the corporate planning approach in Coventry. It was based on a detailed survey of problems and opportunities facing the city. One of the central assumptions within the Local Policy Plan is that what is good for industry is good for the city, and vice versa.

'Industry, commerce and shopping are the basic elements in the economy of the city, providing essential local services and the stimulus for growth and continuing vitality. The growth of modern manufacturing industries has been the stimulus for the rapid population increase and continuing prosperity that the city has experienced this century... The prosperity of commerce and industry is, therefore, crucial for the city's future well-being. The city council can play an important part in making land available, providing essential services and infra-structure, influencing the skills available within the labour force and promoting the 'image' of the city.'

This line of argument is in direct contrast to our own (see Coventry CDP: Final Report). We have found:

- * That the expansion and prosperity of industry has not in fact resulted in prosperity for 'the city' as a whole but only for certain sections of the population.
- * That the prosperity of those sections has been at the direct expense of other sections of the population.
- * That some of the worst consequences have been consistently suffered by those groups of people forced to live in the older working-class areas, principally the unskilled, the semi-skilled and the immigrants.
- * That heavy costs have also been carried by the city council. It has had to service industry's expansion both directly, by providing roads, sewerage, water and parking facilities, and indirectly, by housing the work-force, training the next generation of workers, and by supporting the casualties — the elderly, the unemployed, the sick and the redundant.
- * That the distorted age-structure in Coventry is a direct result of the kind of labour recruited to the city by industry (e.g. single or young married working men in the inter-war and post-war period; and female immigrant labour). The city is now having to carry delayed costs. It is being forced to expand educational and social services from pre-school provision to old people's homes. The burden of these problems is going to increase in the current economic and industrial crisis as the number of older men made redundant or retired early grows and more and more young people are unable to find work. The city is having to support its growing proportion of dependants from a less secure financial base both in terms of government finance, rate income, and family income and capacity to pay rates.

This basic difference of view about the way in which the fortunes of the city are bound up with the fortunes of industry leads to a number of other differences in interpretation of problems the city is facing.

Employment Opportunities

The main problem over employment is seen in the Plan as one of 'imbalance' between the manufacturing and service sectors. The solution proposed is to try to recruit more service jobs, particularly office work. Although diversification has aimed mainly at broadening the range of job opportunities for school leavers, we question whether office jobs are a realistic alternative for people who have been made redundant from manufacturing industries. In our view an increase in office jobs is likely to worsen the city's problems by recruiting a new influx of workers and putting further pressure on housing. A more relevant strategy for the council would be to seek more information about the investment and employment plans being made by the major manufacturing industries in the city, and to work towards a greater say by the council in those decisions which are clearly going to impose costs on the community.

Population

The Policy Plan anticipates an increase in the total population of the city between 1971 and 1986 and sees its level of growth being limited by the capacity for housing in the city. Our study of Hillfields suggests that, in the past, the labour market has been a stronger influence on the growth of the city's population than the housing market. The city has suffered the consequences of industry's demands for labour (and therefore for housing) before. Although the planners' projections of population have been very accurate in the past, in the current economic situation the council would be in a better position to predict changes in population and to take more control over the situation if it had an analysis of the investment and employment decisions being made by the city's major firms.

Finance

The Local Policy Plan is based on a sophisticated survey of the economic situation at both national and local levels. However, it emerges that, in effect, this is not so much an attempt to understand the economic sources of problems as a question of 'marketing intelligence'. The plan is concerned with forecasting the climate affecting the 'demand' for the corporation's products, or

the ability of consumers ('particularly domestic rate-payers') to pay. The financial survey is also concerned with comparing Coventry's activity-rate and performance (rates of growth of expenditure, expenditure per head) with those of competitors in the same field (average County Borough expenditure nationally and in the West Midlands region).

Free Market Government

The political assumptions implicit in the technical language and procedures of this plan seem to be those of the 'free' market economy, in which what is good for industry and commerce is accepted as good for the city as a whole. The corollary seems to be that the Corporation should first support and service those interests, and second produce welfare goods and services for a local market of consumers. These political assumptions and value-biases are equally present within the older traditions of 'management by muddling through'. However, corporate management is being promoted throughout local government as a more comprehensive and systematic approach to decision-making. Its claim to be a more rational basis for government decision-making is supported by a seductive new ideology. The bias of that ideology is not new, but corporate management adds to the powerful legitimization of social and mathematical science. It establishes a sophisticated means of communication between the local corporation and the world of industry and commerce. What it does not do is illuminate problems as they are experienced by other communities of interest whether these are residents, trade unions, councillors or any other group. Rather, it mystifies the whole decision-making process for councillors and other laymen, and tries to limit their contribution to that of generalised 'policy guidance' or nominal 'public participation'. Corporate management helps to advance certain interests and values at the expense of others, and at the same time to make it harder for those biases to be observed and challenged. Groups struggling to defend their neighbourhoods, their homes and the interests of their families will need to challenge the political basis of local government. They will also need to challenge the perspectives within which local government operates and intervenes in their lives and reassert the realities of the situation they experience.

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LOCAL GOVERNMENT BECOMES BIG BUSINESS shows how local government, by adopting the allegedly 'value free' principles of corporate management, has come to operate more and more like big business and increasingly in favour of its interests in recent years. John Benington not only examines the internal workings of local authorities and the new management gospel which heralded the 1974 reorganisation but traces the implications of these developments for the lives of working-class people.

The paper is based on direct experience of Coventry, one of the first of twelve local authorities to collaborate with the Home Office in the National Community Development Project. Written by the former director of Coventry CDP, it originally appeared as one of the Coventry Project's Occasional Papers.

Though this part of the national CDP is now over, LOCAL GOVERNMENT BECOMES BIG BUSINESS is being republished by the CDP Information and Intelligence Unit in the belief that it is an important contribution to the understanding of local government in Britain today and that it deserves a wider audience than it has yet reached. This edition, which has been generally updated and revised, contains a new introduction which sets the analysis in the current context of public expenditure cuts and rising unemployment.

The CDP Information and Intelligence Unit, which acts as a central resource agency and co-ordinates, publishes and distributes national CDP publications, presents John Benington's paper as an integral part of the CDP understanding of the 'causes of deprivation'. Other publications from the Unit include THE POVERTY OF THE IMPROVEMENT PROGRAMME, the CIS-CDP special report CUTTING THE WELFARE STATE (WHO PROFITS), and WHATEVER HAPPENED TO COUNCIL HOUSING?

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