Chapter 3

NEOLIBERALISAM AND THE CRISIS OF WELFARE

In the previous chapter I addressed the chronic shortages of PPE and other healthcare resources in the NHS and in Social Care at the start of the pandemic and throughout its first wave. As we have seen, these problems threatened to undermine the cause of public safety in the teeth and claw of the crisis. NHS workers were forced to cope with mass hospitalizations without sufficient critical care beds or mechanical ventilators or self-protective gear to manage the huge demands that were placed on the healthcare system and on themselves. NHS and social care frontliners were forced to accept unacceptably and unnecessarily high personal health and safety risks when dealing with the sick due to the paucity of PPE.

Now, at one level, these sorts of issues have arisen from the complacency or disregard of the present government and its predecessor, as these have continued a politics of austerity that have long outlasted the rationales that were originally given for them. But, at a more fundamental level, these have arisen from a deeply entrenched crisis of the welfare state in Britain. The origins of this crisis predate the Great Financial Crisis of 2007/09 and the policy responses to it of successive governments by several decades. Rather, this is as much a story of the longstanding neoliberal reshaping of state and government in the UK over the past 40 years. A fundamental aspect of this reshaping has been a thoroughgoing retrenchment of public and social services, including those of health and social care. The purpose of this chapter is to explore this contemporary crisis of public welfare in its political and historical contexts. This serves to help make sense of the magnitude of the pressures placed on the public health and care systems by the pandemic.

Neoliberalism in Britain

Neoliberalism as ideology is thoroughly permeated by neo-classical economics and classical liberal social theory. According to these, only private ownership of the means of production and the operation of unrestricted markets in goods and services and labour-power can deliver economic efficiency and material prosperity. This is because these not only release individuals to pursue their rational self-interest as buyers and sellers (hence allowing economic freedom to flourish), but also foster in them self-reliance, by compelling them to take responsibility for their own welfare. In the absence of the incentives generated by private ownership and market rewards, and protected from the pressures these impose by generous welfare states that are

intended to abolish social injustice, individuals would be deflected from the work ethic, from economic enterprise, and from self-reliance Moreover, private ownership and the market mechanism, according to economic liberalism, also safeguards individual liberty, by acting as a bulwark against the encroachments of state power on civil society and on the rational pursuit of self-advantage. To wit, these also have the virtue of imposing cost-efficiency on the functions of public administration.[1]

Neoliberalism as political governance may be identified with a specific set of policies that were intended to deliver on the prescriptions of neoliberalism as ideology. Pioneered by right-wing governments in the UK and US in the 1980s, neoliberalism was internationalized in the 1990s and 2000s, just as corporate free-trade capitalism became globally consolidated with the crisis and subsequent demise of communism or state socialism.[2] Neoliberalism as state policy sought to reinvigorate national economic competitiveness by placing itself unambiguously and enthusiastically in the service of mega capital and corporate enterprise. This has committed ruling parties to a form of class warfare from above whereby the political process is converted into a mechanism to squeeze welfare systems, emasculate the trade unions, promote labour market flexibility, liberalize finance and trade, empower MNCs, privatize public goods and services, reduce taxation on business and wealth, and "modernize" (i.e. financialize and commodify) society and the state.[3] Ultimately, the secret of capitalist renewal, from the neoliberal perspective, is to bring about an anti-egalitarian redistribution of allocative resources. This is away from labour or from income from wages and the "social wage" (i.e. welfare benefits) towards capital.

The neoliberal assault on public services as an ideologically driven political project in Britain began in earnest under Conservative New Right governments of the 1980s. Thatcherism as a political project was intent on dismantling so-called Butskellism (the loose post-war consensus of mixed-economy of state and market, of a corporatist welfare state offering universal entitlements and services, of legally-empowered unionized labour, of regulated employment and other markets, and of progressive and high rates of taxation in order to fund expansive public services. This was on the grounds that this was stifling capitalist enterprise and locking Britain into a spiral of relative economic decline *vis-à-vis* competitor states.[4] Hence Thatcherism as political programme energetically pursued a portfolio of policies intended to restore the fortunes of British capitalism. Most notably, these included:

> (*a*) deregulation of the labor and financial markets…; (*b*) privatization and marketization of the main utilities…and state enterprises…; (*c*) promotion of home ownership (including the widespread sale of public housing stock under the "right to buy" scheme); (*d*) curtailing of workers' and trade union rights (e.g., bans on the "closed shop"; obligatory membership ballots before any industrial action; restrictions on the right to picket, including a ban on secondary picketing; and removal of trade union immunity from damages); (*e*) promotion of free-market ideology in all areas of public life (including health care and the civil service); (*f*) significant cuts to the social wage via welfare state retrenchment (e.g., a 7% reduction in state expenditure on social assistance between 1979–1989; removal of 16- to 18-year-olds from entitlement; reductions in state pensions; abolition of inflation-link for welfare benefits); (*g*) acceptance of mass unemployment as a price worth paying for the above policies; and (*h*) large tax cuts for the business sector and the most affluent.[5]

A fundamental strand of this project was the neoliberalization of social and public policy that has continued to this day. "Public spending is at the heart of Britain's…economic difficulties" announced the Thatcher government's first White Paper on its election into government in 1979.[6] The declared objective of the New Right on winning office was thus to "roll-back" the state.[7]

This was not the state "in general" (since spending on the criminal justice system, on the penal system, and on the military tended to increase) under the watch of Conservative governments from 1979 to 1997. Rather, this was of the "economic state" (publicly-owned utilities and enterprises – such as the railways, steel, coal, water and sewerage, gas, electricity, telecommunications, postal services, airports, and so on – all of which were sold-off to big corporations at bargain-basement prices)[8] and of the social-welfare and (initially) educative functions of the state.[9] Nor was this roll-back of the state in the sense of a project of outright abolition of public systems of healthcare and welfare and education, in favour of market-based alternatives, or of their privatization (though some form of outright privatization was envisaged, though abandoned because impractical, for education and the NHS).[10] Instead, except for social housing (some of which was sold off to former tenants but mostly to housing associations)[11] and residential care (which devolved to privately-owned care homes),[12] outright privatization and marketization was superseded by quasi-marketization whereby service provider units (e.g. hospital trusts, academies, school boards, etc.) were forced into competition with each other for tightly rationed public funds.[13]

New Labour in office was even more ideologically doctrinaire in extolling the virtues and extending the practices of neoliberal capitalist "globalization" than its New Right predecessors had been. This was "evidenced in its welcome to inward investment, its active promotion of the international interests of British-based (but not always British-owned) financial, commercial, and industrial capital, and its support for the Washington Consensus on the benefits of free trade in services on a world scale".[14] Even though New Right governments pioneered neoliberal agendas in economic, social and welfare policy, these were continued in essentials by New Labour and by successor governments. New Labour was about *consolidating* and *routinizing* neoliberalism.[15] Privatizations were not reversed, whereas quasi-marketizations of public services were not only preserved but extended.[16] "This facilitated a plethora of private organizations entering the market to sub-contract to government, particularly in health, social care and housing",[17] but also in education.[18] Naturally, marketization and financialization of the public sector has been accompanied by the penetration everywhere of managerialism and the paraphernalia of performance surveillance mechanisms for exercising disciplinary control over staff and organizations and clients.[19]

To these private–public partnerships (PPIs) Blair's governments added Private Finance Initiative schemes (PFIs), which intensified the marketization and financialization of public goods and social services. These were intended to attract private capital into the public sector by inviting companies to run social services as commercial enterprises or by allowing them to

fund public projects in return for income from rent or interest. This in effect turned public goods into private assets that were merely loaned to the state at astronomical cost to the taxpayer.[20] New Labour also stuck rigidly to the outgoing Tory government's radically stringent public spending and taxation thresholds for its first two years in office.[21] Thereafter, spending was increased in real terms, but this was targeted especially on health and education, whereas social care and social security continued to suffer.[22] This was as the commitment to a minimalist social charter continued so as to protect flexible labour markets.[23] The policy strategy of New Labour, as was ceded by Blair, was to raid budgets in certain areas of public spending in order to release funds for priority areas, rather than generate new investments.[24] Hence targeted austerity became a permanent feature of policy. Spending as a proportion of GDP did eventually increase beyond the level of the preceding New Right governments,[25] but this was undoubtedly exaggerated by the inclusion in public accounting of private financing from the bourgeoning PPI market.

A fundamental goal of the neoliberal project for New Right and New Labour governments alike was a thoroughgoing and permanent retrenchment of spending on the social-welfare aspect of the public sector. This was so that total spending on welfare would not increase as a proportion of GDP, and ideally could also be reduced somewhat. This supported a commitment of state policy to holding down the general income-tax thresholds, especially on middle- and higher-earners, so that any greater investments in the public sector would have to be funded by inflationary government borrowing.[26] A further important goal of this neoliberal project was to embed an "entrepreneurship" throughout the state sector. This was for reasons not simply of supposed "efficiency gains" (in reality reduced wage costs won from cheapening outsourced labour-power) but also for the ethical or normative virtue of "innovation".[27] This was based on the dogma that the only innovation possible must be that motivated by market competition and by money incentives and disincentives rather than by norms of public duty and community service.[28]

Naturally, this ensured that social policy could no longer be aimed at reducing inequalities of outcome, narrowing structural class divisions, by redistributing resources through the tax and welfare systems from haves to have-nots.[29] Rather, this must (in the jargon of Blair and the Third Way) be about promoting "equality of opportunity".[30] Or this must (in the jargon of Thatcher and the New Right) be about facilitating individual freedom as both self-interest and self-reliance.[31] This was equality of opportunity or personal freedom for an undifferentiated society of individuals, which would somehow be accomplished for the marginalized or socially excluded simply by weaning or coercing them off benefits and into jobs-training schemes, voluntary work, or paid work.[32]

If neoliberalism in the UK was initially, under the Tories, primarily about easing the immediate fiscal crisis of the state (as borrowing expanded in the absence of sufficient taxation income to support public services),[33] it rapidly evolved into a project to reconfigure society and state as both enabler and extension of the market – as *consumer society* and *business state*. Crucial to the success of this project was permanently scaling-down the level of taxation of wealth and of

corporations, since this was seen to be a barrier to international capitalist competitiveness, slowing growth and deterring inward investment, undermining the dynamism of the market.[34] Crucial to this project as well was ensuring that whatever "liberty" or "opportunity" is afforded to the less well-off and economically marginalized this does not upset the capitalist applecart by encouraging in them "unreasonable" aspirations for consumer success or economic security.

New Labour thus neither repealed nor substantially ameliorated Tory anti-labour laws that placed restrictions on industrial action to enhance or defend wages or working conditions. This was likely owing to fear that this would restore the confidence of unionized labour in collective projects of self-advancement and be a beacon call for the poor to join unions.[35] Instead, opportunity for many in the UK has been hemmed-in by a national minimum wage that has for most of its existence since it was introduced by Blair's first Labour government in 1998 been pegged at less than half of the median income and which has functioned to depress incomes and reproduce and legitimize in-work poverty.[36] Consumer society needs *flawed* consumers as much as it needs *actual* consumers.[37] For the relentless cheapening of commodity goods and services that renders mass consumer markets viable is won in large measure at the expense of the incomes and occupational entitlements of the working poor – those who are to be found in the McJobs, or in the G-economy, at the wrong (deregulated) end of the labour market.

Neoliberalism and hyper-austerity

Reigning-in the welfare state has been integral to the neoliberal project in Britain since the rise to government of Thatcher and the New Right from the tail end of the 1970s. The project has been continued by governments of the right and of the centre and centre-left, with greater or lesser enthusiasm. In recent times, however, the assault on public welfare, or on the social aspects of the state, has been invested with renewed intensity and ferocity, under the rationale of austerity politics. Austerity politics are a continuation and acceleration of the broader project of curbing state expenditures. The immediate motivation behind this was to reduce a vast overhang of public debt generated by New Labour's bailouts of major British banks facing collapse owing to the Great Crash. However, what were doubtless seen initially as economic imperatives have been replaced by those which are more straightforwardly political, though the architects are incentivized not to acknowledge this publicly.

The cost of the rescue to the exchequer has been estimated at £456.33 billion, or the equivalent of 33 percent of the UK's GDP.[38] However, this is likely to be an over-estimate. The UK government earmarked £500 billion (US $718 billion to the bailouts), 41.6 percent of GDP, but spent "only" the equivalent of 26.8 percent of GDP, spread over multiple financial years.[39] This was because a large part of the bailout resource took the form of guarantees rather than actual monies or were for capitalization schemes that were never used. Moreover, not all of the actual spend was lost, since the Government could, up to a point, levy charges on the guarantees and recoup interest on loans, though the complexities and lack of transparency over the rescues rendered the task of calculating how much was repaid (and lost) and how much was still to be repaid speculative.[40]

A striking feature of the UK bailouts was that these exerted a heavier financial toll on the public purse than those of other countries. This was partly due to the greater degree of liberalization of finance capital in the UK compared to other high-income countries, especially those in the EU. UK banks, being more deregulated and internationalized than those on the continent, suffered greater exposure to the ill-effects of the global financial crisis than was typical across the channel. The UK banking sector suffered, as a consequence, losses that were higher than those in every EU state. This was 6.3 percent of GDP compared 3.1 percent in Spain, 2.4 percent in Germany, and 1.4 percent in France.[41]

But there was another reason why the bailouts wreaked a heavier toll on the UK's state finances compared to those of comparable others. This was simply because the British state, being far more absorbed by neoliberalism than the leading EU states, embraced a rescue strategy that was simply more unbalanced than theirs. This was inasmuch as this placed the burden of costs on the state rather than on private–public partnerships, so that these could not be devolved or spread as happened on the continent. The idea was to absolve private commerce completely from the task of paying towards the cost of the bailouts, so that the taxpayer would pick up the whole tab. Nonetheless, the net cost to the British taxpayer of the bank rescues in terms of written-off debts has been estimated as being equivalent to one percent of GDP. In the EU, only Ireland and Portugal incurred bigger losses. By contrast, several countries – France, Denmark, Greece, Sweden, Spain, and Belgium – not only recouped the costs of the bailouts but had turned these into government profits from interest repayments by 2011.[42]

In any case, the Great Crash and subsequent long recession was the outcome of untrammelled free-market capitalist internationalization (so-called globalization) and the neoliberal policies that drove it. The immediate drivers of the crisis were deregulation of global finance markets and internationalization of banking (though accomplished to varying degrees by national banks in the major trading zones). But the underlying dynamic was a longstanding structural crisis of over-capacity and hence of reduced profitability in the real economy worldwide owing to the intensification of global capitalist competition in an over-saturated world market. The latter, by squeezing opportunities for profitable investment in material production and services, fed into over-capitalization in the finance sector. This led to the proliferation of irresponsible loans and commercial speculation (in housing, real estate, stock markets, popular consumerism) by banks seeking to put vast sums of idle capital to profitable use.[43] This plunged the world economy into a long period of recession and sluggish growth from which it had barely started to recover before the COVID-19 crisis struck.[44] This was the initial motivation behind what may be described as the shift towards *hyper*-austerity under the Tory-dominated Coalition government of 2010–15, or at least part of the initial motivation.

However, this hyper-austerity has been extended well beyond its use-by date. It has been continued in the UK under successive governments long after less radical austerity cutbacks were eased in the US and across the EU. Indeed, hyper-austerity has been continued after the deficit ramped-up by the bank rescues was finally brought under a measure of control, owing

to revenues rolling-in to the state purse from the selling-back to the banks of shares that they had relinquished in the buyouts.[45] Hyper-austerity in the UK, in short, simply never went away – not under the Coalition government, nor under the Conservative governments that followed.

The reason for this is that austerity dovetails exactly with the radical anti-statism (or radical anti-*welfare*-statism) of the Tory brand of right-wing neoliberalism. Rather than being driven by economic necessity, the politics of deficit-driven hyper-austerity were a police move in ideology to legitimize policy preferences of government that could not in "normal times" be entertained let alone enacted in policy. Hence hyper-austerity has continued for the better part of a decade irrespective of its impact on the public finances or on the economy. Initially, for the better part of three years, austerity cutbacks were accompanied with rising budget deficits, owing to the post-crash recession and sharply rising public claims on social security benefits. Latterly, however, hyper-austerity succeeded in reducing the budget deficit, at appalling cost to public services, yet was continued long after the deficit was reduced to a level below the post-war average.[46] The economic after-effects of the COVID-19 crisis (along with any other crisis that just happens to come along) will also be weaponized by radical neoliberals to legitimize a further indefinite perpetuation of the public sector squeeze.[47]

The political discourse on "killing the budget deficit" on a fast-track represented this as a moral duty of government on behalf of the citizenry and for the benefit of generations to come. This was on the grounds that balancing the books was indispensable to national economic performance. Yet budget deficit (which results from a government's immediate excess of expenditures beyond revenues on its current account) is potentially much less impactful on a country's economic fortunes than is government debt (which is a story of a state's total shortfall of revenues *vis-à-vis* expenditures over the long *duree*). This is because the latter would not only be larger than the former in purely fiscal terms and as a proportion of GDP but would also be much more intractable or incorrigible.

But significant if not major public debt is the typical situation of state finances.[48] In the UK, the bank bailouts almost doubled government debt, from 34 percent to 70 percent of GDP between 2009 and 2011. Thereafter, up until 2018, public debt continued to grow, peaking at 84 percent of GDP in 2017.[49] This was due to the impact of recession in driving up the social security budget, falling revenues from tax receipts, and of austerity itself in putting a break on demand-led recovery and hence contributing to several years of slow growth.[50] Yet, at the start of the 1950s, UK government debt was almost 200 percent of GDP, whereas by the start of the 1960s, this was still at around 105 percent of GDP. This was owing largely to the massive costs of the Second World War and of interest repayments on American loans for postwar reconstruction under the terms of the Marshall Plan.

It was not until the mid-1960s that the UK national debt as a proportion of GDP was reduced to a level below that generated by the financial meltdown of 2007/09 and its aftermath. But none of this deterred British governments from building an expansionary welfare state almost from scratch or prevented the UK economy from growing at a faster rate than at any time during

the 1980s, 1990s and 2000s.[51] This shows that economic growth and prosperity can coincide with much higher levels of public debt than that caused by the recent bank bailouts. This lends support to the notion that the spectre of government debt and budget deficit was deployed as an ideological weapon by "hard" (right-wing) neoliberalism to legitimize radicalization of their 40-year project to roll-back the welfare state.

Neoliberalism and crisis of healthcare

What are the consequences of neoliberalization on public services? Even prior to the current austerity era, UK governments have spent less on healthcare as a proportion of national income (or GDP growth) than is typical among the leading developed countries. Between 1975 and 1987, the UK devoted on average 5.5 percent of national income to healthcare. This compared to 7.1 percent in France, 7.2 percent in Germany, seven percent in the USA, and 8.6 percent in Sweden. Of the OECD countries, only Greece, Portugal and Japan spent less over that period.[52] Between 1990 and 2000, the UK devoted approximately 6.8 percent of national income to healthcare. This compared to 9.2 percent in France, 10.2 percent in Germany, 13 percent in the USA, and 8.4 percent in Sweden. This, too, was below the EU average of 8.1 percent and OECD average of 7.8 percent.[53] Between 2000 and 2018, the UK devoted an average of 9.2 percent of national income to healthcare spending. This compared to 10.8 percent in France, 10.7 percent in Germany, 15.5 percent in the USA, and 10.5 percent in Sweden. This placed the UK (the world's fifth largest economy) in 13th place for health spenders among the OECD group. This was below the European average of 9.5 percent. This was also below the average for high-income countries of 11.2 percent.[54]

Over time, this relative under-investment in the NHS has likely led to a cumulative decline in the efficacy of the service by international standards and increased pressures on frontline delivery. This is in the context of increased demands on healthcare by an aging population and rising prices for drugs and new medical technologies. The corporate ownership of drugs production and commodification of medicine in a deregulated market dominated by giant pharmaceutical MNCs is a fundamental but unacknowledged aspect of the crisis of healthcare. For this has meant that the prices of a wide range of healthcare commodities has grown much faster than general inflation,[55] just as corporate profits in the pharmaceutical industries are typically much bigger than in other large public companies with mark-ups estimated as being 6.1 percent higher.[56] Traditionally, the NHS's centralized purchasing system of drugs and other treatments has offered a measure of protection from cost inflation generated by corporate price-fixing,[57] whereas elsewhere, most notably in the USA, where healthcare is wholly privatized and commodified, the price of drugs increases relentlessly year on year, so that millions of the poorest Americans cannot afford health-sustaining treatments.[58] But, owing to creeping marketization of healthcare in the UK, under successive neoliberal governments, these protections are ever in danger of being chipped away.

Investment in the NHS has increased on average by 3.7 percent annually since 1948.[59] Between 1955 and 1979, under Conservative and Labour governments, the average yearly spending

increase was around 4.3 percent. Under New Right governments of the 1980s and 1990s, the average annual spending increase on the NHS was cut back to 3.3 percent,[60] and to just 3.1 percent during the Thatcher years,[61] so that resourcing of healthcare in the UK fell further behind OECD standards. Health spending under New Labour was then increased to a level much beyond the post-war average (overall, almost six percent per year adjusted for inflation from 1997 to 2010,[62] and 8.6 percent from 2001/02 through to 2004/05).[63] "This was particularly pronounced during the period of 2000-09", which saw a serious attempt to drag resourcing of the service closer to OECD standards and repair 18 years of relative Tory neglect, "reflecting the commitment of the Blair government to match UK NHS spending to the European average".[64]

However, the level of investments was not quite sufficient to match this goal, given the large gap that had been opened by almost two decades of funding shortfall. Thus, under New Labour, per capita health spending remained below that of comparators. Thereafter, under the post-financial crash Coalition government of 2010-15, the calamitous present era of radicalized, accelerated cutbacks began. This delivered five consecutive years of spending increases on the NHS of just 0.9 percent,[65] whereas owing to the increase in the size of the elderly population and population growth generally at least three times that level was necessary to maintain the system at its existing level of efficacy. The situation post-2015 has scarcely been improved, with average spending increases between 2010/11 and 2018/19 of just 1.4 percent, and of just 1.6 percent between 2011/12 and 2018/19 owing to a two percent rise on the 2018/19 round.[66]

A recent study published in the *British Medical Journal* of the performance of the UK healthcare system in comparison with those of other high-income countries (USA, Canada, Australia, France, Germany, Sweden, Denmark, the Netherlands and Switzerland) revealed the extent of its relative funding disadvantages *vis-à-vis* the others:

> The UK spent the least per capita on healthcare in 2017 compared with all other countries studied (UK $3825 (£2972; €3392); mean $5700), and spending was growing at slightly lower levels (0.02% of gross domestic product in the previous four years, compared with a mean of 0.07%)…The OECD reports per capita spending for the UK to be $3943, which also reflects components of social care that are included in expenditures for other countries. Expressed as a proportion of gross domestic product (GDP), the picture was similar, with the UK spending approximately 8.7% of GDP compared with the study average of 11.5% of GDP in 2017…From 2009 onwards, the growth in UK healthcare expenditure slowed to its lowest levels whereas health expenditure growth in the comparator countries was notably higher, averaging a rate of 0.08% of GDP per year over the period 2011-14 compared with an average annual decrease of 0.03% of GDP in the UK, and a rate of 0.07% of GDP over the period 2014-17 in comparator countries compared with a rate of 0.02% of GDP in the UK.[67]

Yet the Conservative government's five-year investment plan for the NHS released in the fall of 2017 was set on an even more stringent course than eventually transpired and one that would have tightened the financial ligature of the Coalition years. This committed £128.4 billion to the service over the course of five years – a paltry 0.7 percent average annual increase. But, as the King's Trust, Nuffield Foundation and Health Foundation pointed out, based on projections from the Office for Budget Responsibility (OBR):

> NHS spending would need to rise from £123.8 billion to at least £153 billion between 2017/18 and 2022/23 (a 4.3 per cent average annual increase) to keep pace with demographic pressures and other increasing cost pressures…This falls a long way short of what is needed.[68]

Indeed. As it happened, these plans were softened. Healthcare austerity was eased fractionally. In the summer of 2018, Theresa May's Conservative government announced plans to increase spending on healthcare by £20.6 billion for the period from 2018/19 to 2023/24.[69] These were reiterated by Boris Johnson in January 2020 along with some additional *ad hoc* funds. This amounted to an annual spending increase of 3.3 percent over the five years. But, according to the Health Foundation's projections, this was enough only to prevent a further deterioration of the NHS rather than begin the job of repairing it.[70] Or, as the King's Fund put it, this was "less than the long-term average of 3.7 percent" and insufficient "to restore provider finances, improve performance against waiting time targets and kickstart the process of reform".[71]

Not only that, but excluded altogether from the new spends, in the manner of robbing Peter for the benefit of Paul, were areas of health (i.e. public health and health education) outside the remit of NHS England, so that the budget of the Department of Health as a whole was projected to rise by just £4.5 billion (or 0.9 percent) over the five years. Indeed, the budgets for public health and health education were to be cut by 20 percent to release funds for the NHS. Thus, by 2019, the budget for public health services was "£850 million lower than in 2015/16", whereas "by 2021 the budget will have been cut by 25% from its 2015/16 level in real-terms".[72] Spending on healthcare as a proportion of GDP consequently *fell* between 2010 and 2018, from 7.6 percent in Labour's last year in office to 6.8 percent.[73] This was historically unprecedented.

The spending crisis of healthcare has in recent years given rise to glaring resource shortfalls in frontline service delivery. Firstly, the NHS provider sector (NHS trusts and NHS foundations) has become increasingly mired in debt. This is due to a perfect storm of insufficient revenues to meet escalating demands for services and crippling interest charges on repayments under PFI and other government loan schemes that were intended to draw private capital into financing and running hospitals. In 2012/13, NHS provider trusts were just about keeping their heads above water, with a surplus of around £577 million. However, by the 2015/2016 financial year, the sector had runup "a combined deficit of almost £2.45 billion",[74] and by 2019/20 this had mushroomed to £13.4 billion.[75]

Naturally, this was blamed, as neoliberal free-market dogma insists it must, on inefficient public sector service delivery rather than on funding constraints and the vampire-like sucking of exorbitant sums of public money into the shareholder coffers of private companies.[76] Thus, indebted trusts and foundations were expected to demand improved productivity of frontline workers and services to recover their losses and service their debts. The Government's Five Year Forward Review of 2014 supposedly committed £30 billion to the NHS to plug the funding gap up until 2020/21, yet just £8 billion of this was to be new money, whereas the other £22 billion was to be made up from cost-efficiency savings.[77] This was even though the

NHS had been labouring under various allegedly efficiency-boosting methods imported from the business sector for more than a decade. These included "reductions in reimbursement rates, staff freezes, and cuts to administrative and prescribing costs", all of which ensured that since 2009 "productivity in the NHS has risen faster than in other sectors of the British economy".[78]

Secondly, there has arisen in the NHS a basic insufficiency of specialized diagnostic equipment such as MIR and CT scanners as well as of general beds and acute-care and emergency-care beds. As reported by BBC News: "A comparison by the OECD…in 2014 – the last set of comparable figures – showed there were just 9.5 scanners per million head of the population, far below figures for Spain, Germany, France and Italy".[79] Although bed reductions are a general trend of contemporary healthcare systems over the past 30 years, their wastage in the NHS has been especially pronounced. Of the 21 OECD countries, only Denmark, Sweden and Canada have fewer hospital beds per capita than the UK.[80] As reported by the King's Fund, this undoubtedly is a key barometer of the funding crisis.[81]

The BMA has estimated that the magnitude of the general shortage of beds is forcing four out of five NHS hospitals to use emergency surgical beds for routine patients. This is not simply for peak winter periods but all year round as well. This has contributed to increasing rates of postponement for surgical operations, routine and critical, and longer waiting times for operations, owing to the paucity of recuperation beds. The BMA further estimates that between 3,000-5,000 extra general care NHS beds are needed to end the misallocation of emergency surgery beds and to prevent trusts from having to find the money to fund so-called "escalation" beds to cope with winter surges in demand.[82]

The number of emergency-care beds in Intensive Care Units (ICUs) per 100,000 of the population in the NHS is far below the OECD and EU averages for healthcare systems. On the eve of the pandemic, there were 6.6 of them per 100,000 people in the UK system compared to 7.3 in Japan, 9.7 in Spain, 10.6 in South Korea, 11.6 in France, 12.5 in Italy, 29.2 in Germany, and 34.7 in the USA.[83] The same is true of acute-care beds more generally. The number of these across the WHO European region was 433 per 100,000 in 2014/15, whereas the number of these across the EU was 461 per 100,000. This compared to 228 per 100,000 in the UK. The number per 100,000 in Germany was 621, in Belgium 565, in France 428, in Switzerland 375, in Italy 273, in Denmark 248, in Spain 239, and in the Nordic countries 277.[84] The comparative paucity of acute-care beds in UK healthcare means that there is less leeway to cope with spikes in demand in critical periods (such as those generated by the present pandemic) so that acute or emergency care services are placed in danger of being overwhelmed.[85]

Thirdly, basic shortfalls in healthcare delivery have been revealed in recent years by missed targets on waiting times for hospital treatments following GP referrals and by declining A&E performance faced with escalating demands. As reported by BBC News, for 2018/19,

> in cancer care patients are meant to start treatment within 62 days of an urgent GP referral. But that … is being missed, while waiting lists for routine treatments are rising. In England it has topped 4.4 million – the highest on record. Some 15% have waited more than the target time of 18 weeks.[86]

The crisis of emergency care is, with the benefit of hindsight, the most worrying aspect of the whole picture. This was to be exposed by the pandemic which pushed the NHS to the brink of meltdown. Here the escalating demands on the service, as reported by the King's Fund, have been relentless. A&E performance has been measured since the early 2000s against the "four hours" standard. "This refers to the pledge in the NHS Constitution that at least 95 per cent of patients attending A&E should be admitted to hospital, transferred to another provider, or discharged within four hours".[87] But, again, as reported by the King's Fund:

> A&E waiting times have worsened substantially over the past decade, as the NHS has experienced a sustained period of financial austerity and staffing pressures. The NHS has not met the four-hour standard at national level in any year since 2013/14, and the standard has been missed in every month since July 2015.[88]

Up until December 2012, the four-hour standard was met, month by month, albeit on a declining curve. Thereafter, between December 2012 and July 2015, the pattern was that the standard was met, albeit fractionally, in the spring and summer months, but not so in the autumn and winter, where the shortfall was much bigger and progressively deepened. Since July 2015, the pattern has been not only failure to meet the performance target every month but steadily worsening performance, comparator month by month, season by season, year after year. In July 2015, 95.2 percent of patients attending A&E departments were processed within four hours, whereas in November 2015 this was 91.4 percent. By July 2019, 86.5 percent of patients attending A&E departments were processed within four hours, whereas in November that year it was 81.4 percent. The situation in Category 1 A&E departments (which are the major frontline ones providing 24-hour service with resuscitation facilities and which cater for a large majority of admissions) is the most precipitous, with only 73 percent of attendees being processed within four hours by February 2019.[89]

The pressures on A&E departments caught between the rock of underfunding and the hard place of rising demand has led to the annual carnivalesque spectacle of the NHS winter crisis. This is where largely predictable rises in the number of hospital admissions owing to spikes in the rate of seasonable infectious illnesses (and the negative impact of these on vulnerable populations) pushes A&E units to breaking point and beyond. Hence the spectre of tens of thousands of patients stuck in the back of ambulances or in hospital corridors on trolleys awaiting beds, and of tens of thousands leaving A&E departments without having received treatment, which has become a big media event especially since the winter of 2013/14, with each successive winter manifesting a bigger crisis than the preceding one.[90]

In the winter crisis of 2017/18, for example, reportedly "a record 163,298 patients waited more than half an hour to be handed over to A&E departments".[91] This was accompanied by 10,375 unexplained "excess" deaths (i.e. beyond the seasonable average of the previous

five years), which were not attributable to population aging or unusually high numbers of mortalities from flu or influenza, hence which were likely resulting from delays in receiving A&E treatment or owing to patients leaving the units without being seen because they were distressed or disenchanted by the delays.[92] How many of the COVID-19 ill who felt sufficiently ill to avail themselves of accident and emergency services may have been deterred by the stresses and strains of the long queues to stay put and get seen by a medical professional?

Finally, there is a growing shortfall of frontline healthcare professionals in the NHS, indeed of staff at all levels and of all job types. This is comparatively, i.e. *vis-à-vis* international comparators, but also in real terms, with recruitment targets going unmet. Relative to OECD and EU averages, as well as to high-income countries, the UK has "among the lowest numbers of doctors and nurses per capita, despite having average levels of utilisation (number of hospital admissions)".[93] According to a study conducted by the King's Fund in 2018, and reported as headline news in the *Guardian*, the UK was found to have the third-lowest number of doctors and the sixth lowest number of nurses in the OECD group of 21 countries, these being just 2.8 and 7.9 per 1,000 of the population, respectively.[94]

Recruitment deficits and staff shortages exist right across the board in UK healthcare – of GPs, of radiologists, of health visitors, of consultant physicians, of hospital nurses, and of midwives.[95] In recent years, either numbers have fallen, or increases have been too small to fill the necessary posts. The number of GPS fell by 1.6 percent in the year up to September 2018, leaving 15.3 percent of posts unfilled. The number of midwives increased by less than one percent (leaving 48 percent of midwife heads reporting that their teams were under-staffed) and the number of nurses and health visitors increased by less than half a percent between July 2017 and July 2018. Simultaneously, the "number of nurses and health visitors working in community health services has continued its long-term decline", falling by 1.2 percent over the same period.[96] There are presently 84,000 unfilled FTE vacancies (or one in ten positions), including 38,000 for nurses,[97] and 2,330 for hospital doctors.[98] For nurses, and for other job types, this is an improvement on the previous year (owing perhaps to a basic above-inflation pay rise), where the shortfall was 100,000 overall and of 41,000 nurses.[99] Nonetheless, this is of course nowhere near sufficient to ease pressures on chronically over-stretched staff. Staff shortages ramp up workload demands on keyworkers, lead to burnout and high rates of staff turnover, and impact negatively on performance.

The problem of under-recruitment for nurses (which is where recruitment shortfalls are most acute) is partly explainable by the lack of sufficient financial support for trainees, with cuts to nursing bursaries, and with grants replaced by means-tested maintenance loans that are pegged beneath bare subsistence levels. It has been estimated that this is reducing applications for places on university nursing courses by as much as a third.[100] This has also generated high rates of attrition, so that a quarter of trainee nurses abandon their studies.[101] But the poor recruitment situation generally is also explainable by relatively low salaries, including for nurses, as well

as for non-medical staff, this impacting adversely on the attractiveness of careers in public sector healthcare.

Under the recent regime of cutbacks, pay in the NHS was capped or frozen from 2010/11 to 2017/18. This resulted in the real-term value of a nurse's starting salary decreasing by almost ten percent over that period.[102] Though recently pay for nurses has been thawed, with an agreed pay rise of 6.5 percent spread over three years (from 2018/19 to 2021/22),[103] this has not repaired nor will come close to repairing the losses of the previous years. As for hospital doctors, these have recently been awarded a 2.8 percent pay rise under the latest DDBR. But, with inflation projected to rise to 1.2 percent in 2021, this constituted a paper-thin gain in real terms, and again does very little to compensate medics for their much greater real income losses over a decade. The BMA estimates these as amounting to 8.8 percent in purely cash terms and more than 20 percent in real terms adjusting for inflation.[104]

Relatively low pay impacts not simply on recruitment but also on retention of staff. One in nine staff left the NHS in 2017/18 for reasons that included poor remuneration. Other reasons that certainly cannot be separated from the issue of the impact of under-funding included overwork, feeling undervalued, and encountering obstacles to delivering quality care.[105] A relatively recent online survey of 3,380 UNISON members working for the NHS found that 64 percent were working overtime whereas 58 percent were experiencing unwelcome increased workload volumes. Almost three quarters of respondents felt that there was insufficient staffing in their workplace or on their ward or work-team, with almost two-thirds having concerns about patient safety for this reason. The survey also showed that 70 percent of respondents

> are not paid when they work over their shift, two thirds rarely leave work on time and half (49%) are not able to take breaks because of their workload. More than three quarters (77%) said they are not at all satisfied with their pay and seven in ten don't feel valued by their employers despite the extra effort and goodwill NHS workers bring to the service. A staggering four in five (83%) NHS workers said they have to work more for less money and more than seven in ten (71%) said they had a poor work life balance.[106]

These results would certainly help explain the problems that the NHS is having in retaining staff – including and especially of nurses. And the exodus of nurses from the NHS is especially acute. A recent major study has shown that almost three-quarters quit the NHS within a year of qualifying, whereas 50 percent report that they are considering either leaving their trust or the NHS altogether. A further 34 percent report that they are unhappy with the job and 41 percent say that they do not feel valued by their employer. Just over 50 percent opine that "funding cuts have had a negative impact on their place of work, while 39 per cent admit that they have been personally impacted by pay caps". Three-quarters surveyed cited that "staff stress and burnout is a problem across their organisation", whereas 54 percent "admit that working long hours or being overworked is one of the biggest issues impacting their day-to-day job".[107] Yet it is not only nurses who have been feeling the pinch. According to the BMA's pay review of July 2021, "declines in doctors pay has had a damaging impact on…[their] morale…This has contributed to a workforce crisis in the NHS and has had a detrimental effect on its ability to recruit and retain doctors".[108]

These were the public health workers upon which the gargantuan task of protecting millions of people from a highly infectious and for the old and vulnerable potentially deadly disease was to depend. Yet the state of morale of these workers could hardly have been at a lower ebb when the pandemic struck. This raised obvious potential for deficiencies and failings of care under the intense pressures wrought by the escalating caseloads. The fact that these workers somehow coped, more or less, with the demands placed on the healthcare system by the pandemic, despite the devaluing of their role and the almost intolerable stresses placed on their work by decades of under-resourcing (and indeed that the system itself did not unravel owing to the unprecedented strains that were placed on it *under these circumstances*) may be described as remarkable by way of understatement. Labouring under conditions wrought by neoliberal austerity, the feat appears almost miraculous.

The crisis in social care and social security

The crisis of healthcare is simply one aspect of the wider crisis of the welfare state. The impacts of neoliberal retrenchment and austerity have been experienced even more acutely in social care and social security. Although the public sector has overall endured financial retrenchment and austerity cutbacks over this period, these particular sectors of the welfare state have been especially targeted by successive governments. The main reason for this is clear enough. These are social services that have least efficacy for servicing the goal of capitalist performativity. Rather, the costs that these sectors levy on the public purse are, from the perspectives of a neoliberal polity, mere subtractions from corporate profits, and (owing to this) also constraints on economic growth. In contrast, funding of education and health as social services, from a capitalist point of view, are often recognized as "productive" costs, which may enhance capitalist performativity.[109] The reason for this is that if workforces are to be mobilized for success in international economic competition, the human resources that compose them must be rendered usable or exploitable, indeed ever more so.

Capitalism requires workers who are employable in that they are equipped with the requisite social and technical skills and attitudes towards work and authority that will render them productive and acquiescent. Employers also require workers who are motivated and enabled for flexibility, i.e. who appreciate the need to continually upgrade and have the aptitude for adaptability that upgrading requires, so as to ensure their continued employability.[110] Indeed, countries which invest more in higher-skilled workforces may confer on themselves economic advantages over those which invest less.[111] Thus, in a capitalist world economy characterized by greater mobility of finance capital and ever-accelerating technological change, continual upskilling and reskilling of the workforce, or safeguarding the reproduction of "ready and able" graduates, has for state policy-makers everywhere become regarded as indispensable to national competitiveness and to personal opportunity.[112] As Tomlinson notes: "In an effort to keep the…economy competitive, education and training are elevated to key positions; 'raising standards', 'learning to compete' and getting education 'right' [have become] major policy objectives".[113]

Capitalism also requires workers who are maintained in sufficient health to be capable of coping, day-by-day and week-by-week, with the physical and mental demands of intensive (high tempo) and extensive (prolonged) labour. This is just as capitalist internationalization requires that locally (i.e. nationally) based human resources are more-or-less comparable with regard to fitness for work where there are shared competitor markets.[114] This is necessary if labour-power is to be exportable and if a national economy is to attract investments from overseas in the employment of local labour-power. Striving to secure competitive economic advantage over other national capitals on the world stage was doubtless a major incentive driving New Labour governments from 2001 to 2008 to ramp up investment in education and healthcare, just as hitherto under Conservative rule the NHS was at least relatively or partially shielded from the worst excesses of the broader austerity project.[115]

By contrast, social care and social security cater in the main for surplus populations – retired workers and unemployed workers. These are surplus in the sense that they are either marginal or superfluous to economic production and capital accumulation. Consider, firstly, the case of the unemployed. A reserve army of labour (i.e. the unemployed) is certainly functional for capitalism, inasmuch as this provides a surplus labour-capacity that may be drawn upon in the event of rapid periods of economic growth, and also exerts a downwards drag on overall wage rates (by rendering employed workers replaceable).[116] But reproducing the constituents of this reserve army at an income level equivalent even to the lowest paid of workers certainly is *not* functional to capitalism, since that would undermine work incentives. This necessitates that the unemployed must be given enough only to live, not to be included in the cultural life of a consumer society, to which access must be earned by submitting to the cash nexus. This is even though the labour-power of the reserve army may often be superfluous, which is why it is not employed.[117]

Such is legitimized by ideologies of denigration of the workless as workshy malingerers. These contend that the unemployed or under-employed are demotivated to enter the labour market, not because jobs are unavailable or unattractive, but because welfare benefits are overly generous, hence making of them willing captives of the welfare state, "welfare dependents".[118] Such political discourses have become the common currency of successive governments in the UK over the past 40 years that are committed to welfare-to-work or workfare policies which make benefits entitlements contingent on the recipient accepting any kind of paid work available.[119] These are intended to force the "unemployed – including lone parents, the disabled, and those who had taken early retirement on benefits – into the labour market at entry-level, low-wage jobs in order to expand the labour pool and reduce wage-inflationary pressures".[120]

Consider, now, the case of the retired – the elderly and infirm, those no longer capable of working as productively as employers would like. The situation here is not dissimilar to the case of the unemployed, because there is no economic advantage to capitalism in maintaining people much above subsistence who can no longer function as exploitable human resources. In

the UK, pensioners, like the unemployed, are disproportionately among those getting by on less than 60 percent of average income. There are 12 million people aged 65 years plus in the UK – 18 percent of the population. Of these, two million – or 16 percent of the total – are living on less than 60 percent of average income (i.e. in relative poverty), whereas a million of these are living in severe poverty, i.e. on an income of less than half the average.[121] But the elderly make up 25 percent of the UK's eight million poorest adults.[122] Moreover, adults in workless households have a much higher rate of poverty than those who are not, so that approximately 46 percent of poor adults are in workless households, even though these make up only eight percent of working-age households.[123] "In 2018/19, 51% of working-age adults in workless families were in poverty, compared with 15% of those in working families".[124]

The reason why these groups are over-represented amongst the poor is because large numbers of pensioners (i.e. those who did not earn enough during their working lives to make savings or invest in private or occupational pension schemes) and most of the unemployed or under-employed derive the bulk of their income from social security benefits that capitalism-sustaining polities have little incentive to align to average income levels. Indeed, they have rather stronger motives (i.e. easing the tax burden on profits and salaries) for pegging these at subsistence levels. This is why, over several decades, the economic situation of the unemployed in this country has steadily worsened, owing to the relentless downgrading of social security benefits.

The austerity-driven five-year benefits freeze (from May 2015 until April 2020),[125] which followed on from three years of 50 percent below price inflation benefit increases,[126] was simply the latest episode, albeit an accelerated one, in the long-run direction of travel of British welfare policy since the 1970s.[127] Long before the current round of austerity,

> the real value of basic out-of-work support in 2019-20… [was] – at £73 a week (£3,800 a year) – lower than it was in 1991-92, despite GDP per capita having grown by more than 50 per cent since then. Even more starkly, child benefit for a second child or beyond…[was] worth less in 2019-20 than when it was (fully) introduced in 1979…Relative to earnings, unemployment support has fallen to a record low of 14 per cent, down from 27 per cent at the emergence of the Beveridge system.[128]

In fact, since the 1980s, the value of unemployment benefit in the UK has been reduced by half in comparison with average household spending.[129] This occurred as Conservative governments committed to overall public spending reductions dissolved the link "between the value of social security benefits…and measures of other incomes or earnings", which subsequent (including New Labour) governments failed to restore. Such was accompanied by ever more stringent means-testing disqualifications of welfare claimants – as "dozens of rule changes…reduced entitlements to social insurance benefits for the unemployed". As a consequence, instead of "cash benefits rising with national prosperity at times of economic growth, they are…generally increased each year in line with price inflation", so that the value of income support benefits has been dwindling in relation to average earnings from employment ever since.[130]

The situation faced by large numbers of the elderly has not been more perspicacious. Pensioner poverty skyrocketed in the UK in the 1980s and early 1990s, under those New Right governments that were pioneering neoliberal policies, so that 45 percent of the elderly were then living below the official poverty line of less than 60 percent of median income.[131] This was owing to the devaluation of the state pension and drastic cutbacks in subsidies to the social housing sector. Pensioner poverty has been on the increase again in the UK in recent years, having been cut back significantly, though by no means curtailed, under 13 years of New Labour rule in the late 1990s and 2000s. This is the result of the deregulation of the private rental market (which has led to spiralling housing costs as landlords cash in) and the acceleration of the process of declining value of welfare benefits under austerity measures since the Great Crash.

> Around 20 percent of pensioners are now forced to privately rent their homes, and this proportion is increasing thanks to the lack of affordable housing. Sky-high rents mean that the poverty rate for these households is more than 35 percent, nearly double the level for pensioners in general. The freeze on housing benefit has exacerbated the problem.[132]

The proportion of the elderly living in severe poverty, i.e. on incomes of less than 40 percent of the median, increased from 0.9 percent to five percent, so that this is now five times higher than it was in 1986.[133] This is according to Professor Bernhard Ebbinghaus's research based on data from the Luxembourg Income Survey presented at the August 2019 European Sociological Association conference in Manchester. As Ebbinghaus reported:

> British basic pensions are particularly low, 16% of average earnings, and require a long contribution period. Income-tested or means-tested targeted benefits are needed to supplement basic pensions and to lift them out of severe poverty – every sixth British pensioner receives such additional benefits.[134]

Even though the link between state pensions and average earnings was restored in 2007 (in the context of a rafter of austerity-driven cutbacks to welfare services), after this was scrapped in the 1980s,[135] the massive devaluation of the state pension (as this was tied to prices that rose much slower than incomes) that happened in the intervening period has not since been repaired. The state pension in the UK is currently set at £9,109 per annum.[136] The current median income is £31,461 per annum for full-time workers.[137] Average annual expenditure for a single-person pensioner household is £13,265.[138] This is a meagre amount (£1,020 per month approximately, or £255 per week), since many pensioners are by necessity well acclimatized to austere living. Yet the basic state pension leaves them short of this modest sum to the tune of £4,156 a year. As Ebbinghaus rightly says: "The United Kingdom is a good example of…historically [having] failed to combat old-age poverty". The "Beveridge-lite" system in the UK offers "ungenerous basic pensions with means-tested supplements, and this reproduces relatively high severe poverty rates among the elderly".[139]

The problem is likely to become exacerbated or further radicalized by the nature of the private sector pension provisions that successive neoliberal governments have encouraged people to take out to support them in retirement in this context of devaluation of statutory state pension

entitlements. Pension companies in the UK invest a higher proportion of their funds in stocks and shares rather than in government bonds. The practice is not of course in the least bit discouraged or limited by governments in the UK for the usual and obvious political and ideological reasons of a doctrinaire nature. This places workers' pension entitlements at the mercy of the vagaries of the financial markets, and this has been during a period where these markets are increasingly unstable, with major downturns, most recently the credit crunch in the context of the Great Financial Crisis, which has eroded the value of investments made by the pension providers on behalf of their clients.

As Darren Philp, Policy Director at the National Association of Pension Funds, describes the matter: "UK funds are broadly in line with the global average but that is disappointing nonetheless". This was attributed by Philp to the "exceptionally weak worldwide economic environment".[140] Consequently, employees in the UK with private workplace insurance saw the size of their pensions decline by an average of 0.1 percent per year between 2001 and 2010. Yet, despite the weakness of finance capital generally, the pension pots of employees in most other countries saw increases over the same period, including in relatively poor countries such as Poland and Chile. Only two other countries saw a fall in the value of private occupational pensions over the same period – the US and Spain.[141] This was because most providers invested much more in government bonds. By contrast, as Philp cautions, the "UK will struggle to pay for its retirement and the weak returns of recent years make it even more important that we improve these pensions".[142]

There is hence no mystery in the fact that unemployed and retired former wage workers under capitalism generally constitute the poorest and are often very poor. Nor is this surprising that this is especially the case in those countries, such as the UK, that under neoliberal governance are most committed to allowing markets free reign, just as they strive to reign-in social-welfare state and public services and subject these to "efficiency gains". This is because surplus populations, being largely "unproductive" from a capitalist point of view, do not warrant investment of resources. Nor, therefore, do the agencies or sectors of the welfare state that cater for them. Therefore, a particularly attractive focus or target for retrenching public spending has for neoliberal governments such as the UK's been the social security budget: pensions and other income-support benefits. So too is the social care sector since this caters largely for retired workers without sufficient savings (or revenues derived from private occupational pensions) to maintain an independent life in the community. Social care in the UK is thus ever the poor relation in a two-tier healthcare system, subordinate to the NHS in terms of social prestige and funding priority. This naturally translates into lack of investment in the social care workforce.

This is why workers in the social care sector are amongst the lowest paid and least secure of those in the UK workforce. The other aspect of the neoliberal revolution, as I observed earlier, has been the cultivation of a low-wage economy, especially in the burgeoning services sector. Consequently, just as the phenomenon of out-of-work and post-work poverty has grown in Britain, so too has the phenomenon of working poverty. The number of Britain's working poor has increased rapidly in recent decades.[143] Workers in social care (residential and domiciliary)

are, as I discussed in the previous chapter, very much a part of that sector. They are recruited disproportionately from BAME groups (24 percent of social care workers are BAME) and from overseas (18 percent of social care workers are from overseas, with 11 percent from outside the EU, especially from South Asia).[144] Median pay for care work (based on hourly rates) is barely above the statutory wage, with many care workers earning less than the minimum rate.[145] Around 35 percent of all social care workers (335,000) are on zero-hours contracts, with this rising to 58 percent of those working in domiciliary care.[146]

According to a survey carried out by the GMB in 2019, "of the 795,000 carers working in the private sector, more than half (55 per cent) are not entitled to a single day of sick pay a year".[147] Many care workers tend to work "flexible" (i.e. unpredictable) hours, alternating between excess and insufficient hours, based on the needs of care managers. Poor pay, low benefits and unstable hours translates into a high annual staff turnover rate of 37.6 percent for care workers and 42.3 percent for domiciliary care workers. This also generates high rates of sickness-related absenteeism (6.5 million days lost in 2018, for example) and recruitment shortfalls (with 110,000 posts going unfilled in 2018, for example). These negative trends have radicalized in recent years. The rate of staff turnover has increased by 7.6 percent between 2012/13 and 2017/18, whereas the proportion of unfilled vacancies rose by 2.2 percent over the same period.[148]

Again, these were the workers who were to be thrust on to the pandemic frontline. For they were the ones who would shield that part of the public for whom COVID-19 was a deadly disease and who had been left as sitting ducks for infection by the Government's policy of discharging untested hospital patients into social care. If anything, the fact that these workers kept the care homes running under the prohibitively difficult circumstances of the virus's first wave, as this ripped through residential care facilities in the spring of 2020, was perhaps an ever greater accomplishment than that of the NHS frontliners who held together the healthcare system. These workers, as noted earlier, commanded much less status than those on the NHS frontline, and they were generally much worse paid. The risks they took with their own health and the health of family members under conditions where they were at the back of the PPE queue dwarfed the financial and symbolic rewards of keeping the care show on the road. Their achievement was, again, by way of understatement, remarkable. But the potential for these workers to respond to the horrific pressures of the pandemic by walking away in huge numbers was a real one. This was a risk made by neoliberal austerity and by capitalist disdain for those who cater for the "surplus" populations .

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[22] Spending on the NHS and education increased by an average of 5.7 percent and 3.9 percent per annum from 1997 until 2009 under New Labour compared to 3.2 percent and 1.5 percent under the Conservatives from 1979 until 1997. Spending on social security under New Labour declined from 13.1 percent of total public spending in 1996/7 to 11.1 percent in 2007/8. (IFS, 2010, p. 9).

[23] Jessop (2002), p. 2

[24] Panitch, L. and Leys, C. (1997). *The End of Parliamentary Socialism: from New Left to New Labour*. London: Verso, pp. 251-2.

[25] Chote, R., Crawford, R., Emmerson, C. and Tetlow, G. (2010). *Public Spending Under Labour*. Institute for Financial Studies and Nuffield Foundation. Available at: https://www.ifs.org.uk/bns/bn92.pdf. Public spending as a proportion of GDP stood at 41.1 percent when New Labour was first elected to office in 1997 (Hills, 1998, p. 24). It then fell to just 36.3 percent in 1999/2000 owing to radicalization of austerity policies, the lowest level it had been since 1958. After that, however, it increased to 47.9 percent of GDP by 2009/10 (IFS, 2010, p. 2).

[26] Hills (1998), pp. 21-4

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[28] As Blair put it: "Competition is the sharpest spur to improve productivity and the best guarantee of reward for talent and innovation. A dynamic economy needs flexible, open markets…The Government must promote competition, stimulating enterprise, flexibility and innovation by opening markets" (DTI, 1998, pp. 8, 5).

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tougher than those then running on the continent, but they were even tougher than those that were running in the US (Brenner, 2002, pp. 11, 12).

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[42] Grossman and Woll (2013).

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[44] The Great Crash chalked approximately $2 trillion off global GDP, or four percent of world output, between March 2008 and March 2009. See: Merle, R. (2018). 'A guide to the financial crisis – 10 years later'. *Washington Post* (10 September).

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