CHAPTER 2

The Genesis of the Social Value Problem

Abstract Although the concept of social value is new to social policy (Jordan, Welfare and Well-Being: Social Value in Public Policy. Bristol: Policy Press, 2008), the problem of its reliable maintenance in economic and political relations has been present for the UK for at least five decades. The division in the working class through subsidisation of low wages meant that the interests of taxpayers and claimants of such support were antagonistic, and this undermined the capacity of governments to sustain policies for the common good (Jordan, The Common Good: Citizenship, Morality and Self-Interest. Oxford: Blackwell, 1986). Yet the concept of social value did enter the field of social policy through its adoption in legislation in 2011, and very widely by voluntary organisations thereafter, and finally by the NHS in the past few years.

Keywords Social division • Voluntary sector • Common good • Health service

In retrospect, the key moment in the UK was the early 1970s. A Conservative government was still trying to sustain the One Nation policies of the Macmillan era, without yet having recognised the full implications of the decline of the manufacturing industry, or the phenomenon we now call globalisation. The trades union movement was divided, but the militant wing, led by Arthur Scargill’s mineworkers, recognised an
opportunity to hold the government to ransom. It was then still plausible for militants to push for a Cuban-style revolution, which would overthrow capitalism, and substitute a regime in which the state commanded and directed productive forces. The miners’ strike of 1974 caused the Heath government to call an election and resign.

This crisis marked the start of a process by which the UK’s relative decline in the global economy was accompanied by a fall in the share of national income going to labour (which has continued ever since), and a corresponding rise in that going to capital, most prominently (except during the banking crisis of 2008–9) to finance capital. Part of the explanation for this is that the kinds of services in which workers have been increasingly employed have not been susceptible to improvements in productivity (Gershuny 1983) – even those associated with the digital revolution and Artificial Intelligence (AI). But living standards have benefited from the ever-growing productivity of manufacturing and processing in Asia, South America and most recently Africa, making imported goods (including food and clothes) cheaper for consumers in the West.

So the beneficiaries of the great shift foreseen by Karl Marx in *Capital* (1877, pp. 414–80 and 712–4) were not only bankers and financial traders, but also the lawyers, doctors and university researchers who served the needs of capitalism, and the public services which both employed and controlled a high proportion of the working class. This book will analyse how the decisions made 40 years ago have increasingly shaped the policies adopted ever since (and their outcomes) and how the present crisis might supply the opportunity for a radical change in direction.

There is really nothing new about this turn of events, the possibility of which was recognised by David Ricardo (1817) at the onset of the Industrial Revolution in the UK, 60 years before Marx’s account. In Chapter 31 of his *Principles of Political Economy and Taxation*, Ricardo recognised that the substitution of new machines for human labour, without corresponding increases in output, would cause redundancy (pp. 264–7), but he thought that this was unlikely to occur for more than short periods, within a long-term tendency towards economic growth. Marx argued that it would signal the final stage of capitalist development, and contended that, without a revolution, it would result in a perpetual growth in the class of ‘paupers’ (1877, pp. 712–3). If we use the definition of that class as being those who by virtue of their dependence on state subsidies of their earnings are subject to coercion by the authorities, then
this is precisely the term appropriate for a class whose numbers have been increasing ever since the early 1970s in the UK (Jordan 1973).

Is this class condemned to expand perpetually over time, in a way fore-shadowed by the mass lay-offs associated with the coronavirus pandemic? It certainly did so in the UK up to 2011, when its peak (some 70 per cent of those members of the workforce living in households with children) was abruptly cut back by David Cameron’s intervention to devalue Universal Credit payments. But the enormous rise during the coronavirus pandemic (a million new claims for UC during the final two weeks of March, 2020) may well point to a structural change in the labour market, as a whole range of services arising from the wealth of the top 10 per cent of the population, and the coercion of the bottom 30–50 per cent receiving UC, becomes institutionalised during a long, slow recovery.

This helps explain another phenomenon associated with the pandemic – the sudden increase in publications and debates about the proposal for an unconditional Universal Basic Income (UBI). Not only The Guardian, but also The Times, The Daily Telegraph (Sam Benstead, 19th March), The Financial Times (Daniel Susskind, 20th March), The Independent (Jon Stone, 27th April) and even the Daily Mail on-line and The Sun (Alexander Brown, 22nd April) have published articles specifically advocating UBI or some version of a payment for all but a few citizens. As ‘Pause the System’ demonstrators held a mass protest outside Parliament explicitly calling for UBI (Channel 4 TV, News, 16th March), Frances O’Grady, General Secretary of the TUC, hinted at ‘added payments’ during the lay-off, and Dame Louise Casey, former government adviser, said all benefits should be supplemented (ibid.).

Inequality of earnings was not explicitly linked with the discovery that rates of well-being had been stagnating for so many decades, but it seemed certain to be part of the explanation of this phenomenon in the UK and USA. Although economic growth had been slow and fitful, it had occurred, and some citizens had grown very rich, while others – the educated middle classes – had consolidated their security for generations by virtue of the soaring value of their family homes. The contrast with poor members of communities, and especially those in social housing, was a stark one (Jordan et al. 1992, 1994).
A NEW DIRECTION IN POLICY

So it seemed that, while the intimate relationships of families were the most important components of SWB, and those of association and community were significant factors, the civic relations between citizens were also relevant for differences between local, regional and national averages. Just as economic relationships produced income and wealth, so these relationships yielded ‘social value’ (Jordan 2007, 2008). This concept quickly entered the official vocabulary, with reference to the contribution of specific policies to the well-being of communities. In the Public Services (Social Value) Act of 2012, the Coalition government put through a short piece of legislation requiring all public authorities, in contracting for any commodity or service, to ‘consider how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area’ (sec.1.3(a)).

At the same time, a new organisation, Social Value UK, took the lead in promoting social value in the voluntary sector, in line with the Act. It seeks to identify and enhance the benefits received by individuals from collective bodies, hitherto often unrecognised by those bodies themselves. The National Health Service (NHS) was one of the last public bodies to join up, and in 2020 the construction industry was admitted as a member, having recognised and acknowledged its notoriety over issues of flood prevention, conservation and sustainability, and seeing this as a public-relations opportunity. A national Social Value conference, hosted by Social Value UK and the Social Value Portal, was held, with 700 delegates, only a handful of whom were from the NHS, but including some from schools and universities.

This represented a rapid growth in the use of social value as a criterion for decisions in both the public and the voluntary sectors in the UK, yet it still lacked a clear definition. For example, the Social Value Portal’s website states that it is ‘a social enterprise on a mission to promote business and community well-being’, and gives as its second priority ‘to support regional businesses’, as well as quantifying the return to communities of each pound spent under its auspices; this suggests commercial rather than face-to-face relationships.

It seems as if something present in human interactions ever since the very first emergence of groups and tribes has suddenly been identified, given a name and then commercialised through market processes. It looks like an extraordinarily accelerated process akin to the one identified by
Adam Smith (1759), by which what had been informal trading among individuals and groups over centuries was institutionalised in regional, national and international markets, without the conscious intentions of governments – by the operation of a providential ‘invisible hand’. But what is usually forgotten is that Smith’s book was called *The Theory of Moral Sentiments*, and its main content was about how – through ‘sympathy’ or ‘fellow-feeling’ – people came to live together and co-operate at all.

The idea of ‘social value’ simply draws attention to what is being produced or depleted in all these relationships, in the form of the various elements that constitute SWB, and hence are quite distinct from what is measured by money, and capable of being bought and sold. Some of these elements may be derived from or enhanced by the ‘consumption’ of goods and experiences (as in a good meal after an enjoyable evening at a cinema), but they are aspects of human societies, in all the complexities of their bonds and divisions, and not of economies, which are susceptible to objective (rather than subjective, self-assessed) quantification.

The attempt to quantify and commercialise social value is certainly contrary to Smith’s advocacy of a society sustained by ‘moral sentiments’ and ‘sympathy’, as much as by ‘the pedlar principle of turning every penny’ (1776, bk III, ch. iv, para 17). When the Public Sector Executive, in its ‘episode 005 of the #WeArePSE Podcast’ (27 January, 2020), claimed that ‘understanding the economic benefits of social value, embedding social value in how businesses deliver’ is ‘transforming the relationship between the public and the private sector’ through its impact on communities, Smith might have felt that this balance had been upset in a potentially damaging way.

**Conclusions**

Turning points in history involve the substitution of one set of criteria for major decisions by another, and the adoption of new institutions to reflect this change. Pestilence has been the spark for such turning points in the past, most notably when the Black Death wiped out more than half the population of England in 1348–50, leading to the process by which the leaders of a much-reduced peasantry, Watt Tyler and John Ball, confronted the king at the head of a mass protest in 1381, and won freedom from feudal duties and tithes. Increasingly in the centuries which followed, rights and liberties were at stake in political contests and civil conflicts, with liberal democracy as the eventual outcome.
Nothing as dramatic as this is yet associated with the coronavirus pandemic, and the death rates are mercifully small by comparison. But the crisis came when authoritarianism was on the rise throughout the world, rather as it had been in the 1930s. It might re-enforce this tendency, as it seems to be doing in China (and especially in Hong Kong) where the Communist Party leadership has taken the opportunities it affords to clamp down on dissidents and impose draconian controls. But elsewhere there does seem to be evidence of a recognition that the end of lockdown, during which the power of the state was used to supply services and redistribute income in more radical ways than for many decades, could allow the opportunity for a change in direction.

For a start, although many firms and larger industries showed remarkable flexibility in switching their production of anything from whisky to vacuum cleaners and fashion accessories to supplies of hand-sanitiser, respirators and face masks, this was (for the most part) an example of public-spiritedness and solidarity, not the efficient functioning of markets. Just as there were millions of volunteers to help isolated elderly and disabled people, there were also examples of opportunists buying up toilet paper and plastic gowns in bulk, and selling them at inflated prices on the internet. Markets were equally good at serving the greed of profiteers as signalling the need for various forms of protective equipment.

There is no evidence from the research on SWB over the past 40 years that markets – in whose service the public sectors of Western capitalist democracies had been privatised to a considerable extent – contributed to the well-being of citizens through this expansion in their influence within those economies; if anything, the evidence points to an association with growing inequalities, and reductions in the social value accumulated in relationships, except among the richer and better-educated classes. There were no clear exceptions to this tendency among Western liberal democracies.

So it would take a major political push to bring about the kinds of changes conducive to gains in social value in the recovery from the pandemic. But it would be a mistake to claim that any such movement or ideological shift can take the form of a coherent and consistent set of ideas and practices. The great transformations in history have seen a somewhat chaotic mixture of theories and proposals, with many inconsistencies and contradictions.

Furthermore, this chaos is emerging as part of the science of cognition and perception in recent research studies, and from projects developing AI.
The human brain has 86 billion nerve cells; AI has long been predicted to exceed its capacities for intelligent thought (Walmsley and de Sousa 2010). But – as in physics, where quantum mechanics has still to be reconciled with general relativity – neuroscience has yet to be integrated with unconscious mental process research, electrophysiology, pharmacology, optico-genetics, gene-editing and abstract modelling – tasks for which the long-running ‘Human Brain Project’ has so far proved inadequate. A breakthrough is still awaited (Cobb 2020).

In social policy, the equivalent of this has been the constant failure of rationally designed measures, aimed to use market processes to function across the service sector, and to allow citizens choice over collective provision; they have foundered on the determined resistance of those excluded (by virtue of poverty, disability or ill health) from benefiting through such processes. The obvious example of this was Margaret Thatcher’s reforms of the public services, which proved so costly (in terms of rising crime, family breakdown, benefits fraud, alcoholism and substance abuse) that they made the costs of policing, prisons and insurance premiums unacceptable to the electorate (Jordan et al. 1992, 1994; Jordan 1987, 1996).

All this implies that the breakthrough to more radical change is more likely to come through a fortuitous combination of apparently inconsistent and unconnected contingencies than a grand master-plan. This book will explore some of the possible elements that might combine to create the circumstances for such a transformation.

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