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# **Managing the Social Impacts of Austerity Britain:**

# The Cultural Politics of Neo-Liberal 'nudging'

#### **Emma L. Briant and Steven Harkins**

## Neo-liberalism, Policymaking and Social Interventionism

The global collapse of the financial sector in 2007–2008 led to criticism of neo-liberal economic policy and calls for a return to Keynesianism (Wolf, 2008). Yet the political response to the most recent financial crisis has been an austerity drive, targeted at the welfare state; this approach can be understood as a continuation of the neo-liberal project to roll-back the state. It was a similar period of crisis following the end of the 'golden age of capitalism' and the dissolution of the Post-War compromise between capital and labour (Marglin and Schor, 1992; Dumeneil and Levy, 2004; Harvey, 2005, 22) that ushered in the development of neo-liberalism in the 1970s.

Neo-liberalism emerged from the ideas of a 'thought collective', the Mont Pelerin Society, who hosted an intellectual movement that attempted to counter the Keynesian collectivist policies that had emerged from the post-war settlement, and had subsequently led to the creation of the welfare state (Cockett, 1995; Harvey, 2005; Mirowski and Plehwe, 2009). Economists associated with the society, particularly classical Liberals like Ludwig von Mises, and Friedrich von Hayek, constructed the state as a tyrannical and oppressive force, which interferes with the liberty of free individuals (Hall, 2012: 11).

This radical individualism remained on the fringes of political discourse until the collapse of economic growth in the 1970s which left Britain indebted to the International Monetary Fund (IMF), and committed to a requirement for deep public spending cuts (Burk, 1992). This crisis undermined Keynesianism as an economic model and neo-liberal ideas came to dominate the policies of the Margaret Thatcher's Government (1979–1990). Critics of neo-liberalism have described it as a reaction by the 'upper classes' who 'felt threatened' by the collapse of growth and moved to secure their interests (Harvey, 2005: 16). Neo-liberalism in Britain principally aimed, over three decades, to cut back the 'social-democratic welfare state' which was seen as the 'arch enemy of freedom' because it interferes with the 'natural' mechanisms of the market (Hall, 2012: 9–11). The first phase of this project, implemented between 1979 and 1986, involved deep cuts and restrictions in public spending, culminating in the deregulation of the City of London (Hills, 1998: 2; Scott-Samuel et. al., 2014: 54).

These reforms have led to increased economic inequality, which has been linked to a range of social problems (Thomas, Dorling and Smith, 2010; Wilkinson and Pickett, 2010). A sharp rise in unemployment throughout this period was linked to rising crime (Davies, 1997: 240). Benefit cuts led to an increase in homelessness, especially amongst teenagers (Scott-Samuel et. al., 2014: 55), which was worsened by the subsequent reduction of social housing stock through privatization. The development of these social problems led to a paradox in neoliberal thinking and realization among the political and intellectual elite that 'less government' led to a need to 'mask and contain the deleterious social consequences' of rolling-back the state (Wacquant, 1999: 323). The savings that were supposed to be made in public expenditure failed to materialize as the number of pensioners, lone parent families and unemployed people increased (Hills, 1998: 4). A 'socially interventionist' agenda developed which involved targeting a series of reforms aimed to ensure that, 'As many costs as possible

should be shifted from the state and back onto individuals, and markets, particularly labour markets, [which] should be as flexible as possible' (Gamble, 2001: 131–132). Peck and Tickell called this response an 'aggressive re-regulation, disciplining, and containment of those marginalised or dispossessed' (2002: 389).

Criticism from the government was directed at 'people who make themselves homeless by moving from their home area' (Franklin, 1999: 111). Thatcher criticized the attitude of homeless people, arguing that their attitude was, 'I am homeless, the Government must house me!', and

they are casting their problems on society and who is society? There is no such thing! There are individual men and women and there are families and no government can do anything except through people and people look to themselves first (1987).

This blaming of individuals for policy failings continued with John Major's 'back to basics' campaign following his election in 1992. During this time the emerging 'underclass' theory was embraced by leading Conservative Party figures including Michael Portillo, John Redwood and Peter Lilley who argued that single mothers were an economic burden on society (Lund, 2008: 46). Local authorities enforced co-habitation rules for single mothers that meant sometimes they were forced to live with violent ex-partners and did not provide the infrastructure needed for their independence (Campbell, 1984: 28). Political and media rhetoric constructed them as both burden and threat to society because of their 'likely to be criminal' children (Silva, 1996: 178). Electoral support for the Conservatives dropped sharply

after 1993 and some commentators blamed these policies for creating an image of the 'nasty party' that brought electoral defeat (Hasan, 2010).

The 1997 election ended eighteen years of Conservative governance, but 'New Labour' had embraced neo-liberal welfare reform policies that similarly emphasized individual responsibility. Prime Minister Tony Blair argued that the welfare state inherited from the Conservatives was still

weighted heavily towards rewarding and supporting people who were not actively seeking to improve their situation, whether by looking for work or by taking part in training (Marston, 2008: 363).

Between 2004–2005 Blair sought to bring in cuts to the number of incapacity benefit claimants in what was a long-term issue dating back to the social impact of privatization and the lasting effects of the 'roll-back' of the state in the 1980s (Beatty and Fothergill, 2010). Rising numbers of unemployed people had also been encouraged onto incapacity benefit in an effort to reduce the unemployment figures (ibid.). Labour's binary discourse separated deserving taxpayers from undeserving benefit recipients and invoked 'the idea that ordinary taxpayers have a lot to fear from a large-group of "welfare dependent" spongers' (Marston 2008: 364). They brought in a number of corresponding policy adjustments including reductions in welfare spending in the early years of New Labour's administration (Hills, 1998: 23), however this period also brought the creation of the minimum wage, the New Deal, and a package of redistributive tax policies like Working Tax Credit. This welfare spending was targeted at 'deserving' groups like children, those in work and pensioners, meanwhile cuts were targeted in other areas (Brewer et. al., 2002) like unemployment and

disability. These early initiatives were followed by a second phase of welfare reform focused on a 'gradual escalation in the requirements asked of benefit recipients' specifically targeted at 'lone parents, and the sick and disabled' (Brewer, 2007: 26).

Despite Labour's tough stance on welfare, in 2010 Coalition Work and Pensions secretary Iain Duncan Smith again argued that his government had inherited a 'broken system' from Labour where people were 'parked' on benefits (Press Association, 2010). This focus on welfare cuts in Britain was echoed on a global scale following the economic crisis. The OECD's solution to the crisis recommended a reduction of what was described as the 'burgeoning welfare burden' and issued advice to countries, for instance, to 'activate existing disability benefit recipients' who were argued to be an obstacle to raising labour force participation rates and a major contributor to public expenditure (2009: 5–9). Britain's Coalition Government made welfare reform a central aim and sought to impose new financial regimes based firmly in long-established precepts of neo-liberal economics.

Despite unprecedented transfer to the wealthiest citizens and bonuses to the banks (Bennett, 2014), austerity policies were targeted at benefit recipients, by definition the poorest members of society, and it is they who were claimed to be impeding global recovery. Paul Krugman argues that opposition to capitalism lost its impetus after the collapse of socialism as an ideology, which has led to a tacit acceptance of inequality, unemployment and injustice as 'unpleasant aspects' of the system which are 'accepted as facts of life' (2009: 14). His words depressingly echoed Margaret Thatcher's famous maxim that 'there is no alternative'. The lack of political dissent at this narrative highlights how 'after forty years of a concerted neo-liberal ideological assault, this new version of common sense is fast becoming the dominant one' if indeed we can describe it as 'new' (Hall and O'Shea, 2013: 4).

In the next section we will highlight some actions that constructed and supported this ideology after the crisis. We revisit Gramsci's concept of hegemony which can help in understanding why and how the 'common-sense' ideology of personal rather than state responsibility was supported in media coverage. The mainstream media coverage complemented the government's ideological and policy apparatus in endorsing claims that benefit recipients were impeding global recovery and justifying massive reforms and a new wave of social interventionism.

## Cultural Hegemony, Social Interventionism and 'Nudging'

Hegemony, for Gramsci, emerges through various competing ideologies, some of which are theories created by 'traditional' intellectuals - academics or political activists, others are more 'organic' emerging within people's lived experience and articulated through religion, education, family, and the media. At this popular level 'common sense' and 'good sense' are developed as a form of practical philosophy (1971: 328). But different groups and their ideologies develop in a way that resolves tensions between dominant and subordinate groups. Essentially for Gramsci this tension was necessary for the coordination of 'the dominant group' with 'the general interests of the subordinate groups' so that the state could modify any 'unstable equilibria' of interests (ibid: 182). Contemporary austerity has been supported by state interventionism which attempts to build personal responsibility, and deflect the responsibility away from government and the failures of capitalism. But ideological adjustments are necessary to build acceptance from groups whose interests may conflict, structuring and presenting policy in such a way that it appears to meet the needs of all. Gramsci saw some scope for resistance and 'will' in what he called 'organic intellectuals'

(ibid: 129), but this exists alongside their tendency to shape perceptions of institutions and wider society according to the dominant culture. Attention placed on the financial system or state responsibility through 'organic' discourses in the media needed to be managed by offering minimal adjustments whilst ensuring the overall continuation of the hegemonic system. One such system for these minimal adjustments was BIT, discussed below. This underpinned, for Gramsci, the appearance that dominant interests were the same as those of wider society and that government was 'based on the consent of the majority' as expressed through the media (ibid: 80). Gramsci articulated a theory of how the dominant group are able to manufacture consent and consensus in society, whilst allowing conflicts to be resolved or absorbed. Much of his theory is helpful in considering the way that democracies work today and how the dominance of neo-liberal ideology is maintained, both within the state and in its relation to civil society and the British public.

For Gramsci, the traditional intellectuals and 'party' reproduced most closely the dominant order. During the recent 'crisis' of capitalism a team was established within government to build ideological change through modifying behaviour. The BIT (mentioned above) would initiate 'interventions' across government by structuring behaviour modification into British policy-making in service of the government's wider policies to reduce the state and refocus on 'personal responsibility'. The unit was set up by its Director, David Halpern, following the 2010 election around the principles of behavioural economics and the psychology of behaviour change.

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<sup>&</sup>lt;sup>1</sup> The 'Behavioural Insights Team' (BIT) is often articulated as a rejection of classical economics in favour of the more socially sustainable approach of behavioural economics. These strategies, originally developed by New Labour (Prime Minister's Strategy Unit 2004) were taken up within the Coalition's austerity drive and so that responsibility for social problems could be shifted onto individuals, reducing the role of the state, they aim to use knowledge of natural psychological biases and errors to modify behaviour.

It is instructive to examine the 'Mindspace' report - an early vision commissioned by Gus O'Donnell, the Cabinet Secretary under New Labour, which became central to BIT planning.<sup>2</sup> Mindspace states that behavioural approaches offer new 'potentially powerful' tools that are 'especially relevant in a period of fiscal restraint' (Dolan et. al., 2010: 7). Far from transforming the neo-liberal capitalist ideology identified above, behavioural economics was harnessed for 'shaping individual behaviour' around these goals instead of using 'legal and regulatory systems' (ibid: 13). The Mindspace report anticipates that 'fiscal challenges may sharpen interest in behaviour change further, as policymakers and public service professionals wrestle with the challenge of how to achieve "more with less"' (ibid:12–13). It is unsurprising then that while the ideas were brewing under Labour they were really seized upon by the Conservative-led Coalition as a way to facilitate cuts while moderating social impact in a way that shifted the burden away from the state. BIT really took off after the financial crisis, which,

created the conditions under which people ... suddenly became much more interested in it ... because a lot of the behavioural suggestions were ones that could be incorporated in a period when basically you're trying to run the public sector with no new money (O'Donnell, 2014).<sup>3</sup>

The interventions 'tended to be cheap ... so in a world when you haven't got any more money... suddenly behavioural ideas are very attractive' to government policy makers.

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<sup>&</sup>lt;sup>2</sup> An economist, Gus O'Donnell had overseen implementation of many of the neo-liberal policies mentioned above that contributed to widening inequality in the UK. From 2002 to 2005 he was Permanent Secretary at HM Treasury; then became Cabinet Secretary until 2011.

<sup>&</sup>lt;sup>3</sup> Gus O'Donnell had formerly been the United Kingdom's Executive Director to both the International Monetary Fund and the World Bank (1997–8), then the Treasury Director of Macroeconomic Policy and Prospects and Head of the Government Economics Service - with overall responsibility for professional government economists. From 1999 to 2002 as Managing Director of Macroeconomic Policy and International Finance he was made responsible for the UK's fiscal policy, international development and EMU. As a lecturer at Glasgow University, one of his specialisms for teaching was 'welfare economics' (O'Donnell June 25 2014).

(ibid.). In planning for BIT, O'Donnell was motivated by his experience with the 'IMF and its response to the Asian financial crisis' he felt 'the kinds of suggestions being put forward were very much taken from an economic textbook and they didn't really account for the political economy and the way people would feel ... and how they'd respond' (ibid.). Traditional economic models assume citizens can analyse information to decide what is in their interest before acting, according to rational economic self-interest. Behavioural economics originated in 1970s United States, partly in response to neo-liberalism. Psychologists such as Herbert Simon noted that the supposed 'rationality' of human behaviour which these theories assumed was 'bounded' by effective intuition. For Simon, behaviour was far more complex than economic reductionism could admit and we should therefore study 'real people' in real-world contexts (1945; 1957). This 'old behavioural economics' was developed into its contemporary form by psychologists Daniel Kahneman and Amos Tversky (1974) and later, Richard Thaler. O'Donnell had been interested in these ideas since he was a student at Nuffield College, Oxford when he recalled 'working with ... Ian Little and Jim Mirrlees who were very interested in ways of handling situations where markets didn't work well, where prices were distorted and how in such cases you might come up with better decisions' (O'Donnell, 2014). But O'Donnell saw the focus of media discourse on behavioural economics as misleading due to BIT's social and public policy focus:

it's very deliberately called behavioural insights team ... because the whole point is that in a sense this is a failing in economics and the people who have done ... very useful work on decision making are psychologists ... social scientists ... and now neuroscientists' (ibid.).

The Mindspace model draws on the notion that people's behaviour is frequently also shaped by more 'automatic' or unconscious 'contextual' factors and proposes utilizing psychology to influence these – to cause a desired behaviour without awareness or conscious decision being necessary (Dolan et. al., 2010: 14). Mindspace states that 'not all government communications focus on simple information provision; often they draw on more sophisticated techniques of persuasion' (ibid: 15). An important component is the design of communications, but nudging goes beyond this, to modify the 'choice architecture' – the circumstances in which behaviours happen and decisions to act are made (Sunstein and Thaler, 2008). Mindspace says that once an individual has been encouraged to make a small adjustment to their behaviour 'the powerful desire to act consistently takes over' and this means 'subsequent changes in behaviour ... may go largely unnoticed' (Dolan et. al., 2010: 28).

Mindspace states that its effects need to be combined with 'a nuanced understanding of the capabilities and motivations of the target audience' (ibid.).<sup>4</sup> Theory at the heart of Mindspace is drawn from classic work in psychology which has formed the core of commercial marketing strategies, e.g., (Gilovich et. al., 2002). 'Required reading' for Conservative MPs in 2008, the book Nudge by Thaler and Sunstein (2008) and the propaganda book Influence: The Psychology of Persuasion by Robert Cialdini (2007) have been central to Mindspace and BIT (where US Professor Richard Thaler is an advisor). These theories form the core of a detailed propaganda strategy and approach to social policy that, propelled by austerity, is influencing policy planning nationally and, increasingly, internationally.

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<sup>&</sup>lt;sup>4</sup> Therefore to be effective psychological profiling would be needed to successfully shape an intervention for a specific target, at a time when increasingly government information gathering and privacy issues are of strong public concern.

The New Economics Foundation (NEF) is a think tank pushing, for among other things, a move away from neo-classical economics but they see behavioural economics as an acceptable alternative (Shah and Dawney, 2005). This wider 'libertarian paternalist' approach which the Coalition Government were 'embedding into its broader gestalt' by rolling out BIT in fact 'represents an important set of challenges to the hegemonic assumptions of neoliberalism, which have held sway since the rise of Thatcherism' (Whitehead et. al., 2012: 302). There was indeed resistance from some people in government, 'who had grown up with a certain way of thinking about [economics and] had got the traditional economic model [in their heads. They] were... saying "it's all about prices" ... there was a bit of an old guard around who found new ways of thinking difficult' (O'Donnell, 2014). Think Tanks are slowly embracing behaviour change.<sup>5</sup> Among them, O'Donnell mentioned NEF and that 'interestingly the regulators' were taking it up: the, 'Financial Conduct Authority... now starting to put out publications on how they're using behavioural economics. It's a massively growing area' (O'Donnell, 2014). The Institute of Fiscal Studies think tank also supports behavioural approaches, to inform and complement existing policy, see (Leicester, Levell and Rasul, 2012). Behavioural economics is an effort to 'fix' the unpredictability and perceived 'errors' of human behaviour in relation to market expectations and as such is not actually to challenge neo-liberal policy.

While the idea of government 'interventions' runs counter to free market principles, in reality the latter never existed unmediated in the UK. This has led to a 'growing realisation that market-based forms of coordination have proved detrimental to long-term social, economic and ecological stability' (Whitehead et. al., 2012: 303). As detailed above, 'social

<sup>&</sup>lt;sup>5</sup> Nigel Oakes founder of behaviour change defence contractor Strategic Communication Laboratories and the Behavioural Dynamics Institute said 'the key people from the behavioural nudge unit all came to see us [at SCL/BDI] ...when it was in its infancy ... to see how they could ... shape it.' He described how they also 'worked with [BIT] in the past ... briefed them on a number of occasions' as they were growing (Oakes 2013).

interventionism' has been necessary to mediate the negative social impact of austerity. As Robert Gilpin argues, in a capitalist system, it is,

important that leadership ensure at least minimal safeguards for the inevitable losers from market forces and from the process of creative destruction; those who lose must at least believe that the system functions fairly (2000: 4).

Cheap 'policy solutions' like BIT and individualist rhetoric act as a pressure valve to prevent social impacts from becoming so severe they threaten the stability of the state. This new behavioural economics views 'the human subject as a target of correctional re-rationalisation' (Whitehead et. al., 2012: 305). Other academic work, e.g., Thrift (2007) points to other possible conclusions, that we should work with 'the vibrant unpredictability of life and human development' seeing this complexity as positive and essential to humanity even though it may raise problems for government planning (Whitehead et. al., 2012: 305). Discussions around behavioural change are dominated by psychologists, neuroscientists, political scientists and economists, and at the House of Lords Behaviour Change Inquiry in 2011, Whitehead et. al., felt the emphasis was on efficacy and there was no opportunity to ask normative questions (2012: 305).

Mindspace rightly notes that 'government influences behaviour no matter what it does' (Dolan et. al., 2010; 16) and as such has a responsibility to consider the possible direct and indirect influences its activities and communications might have in a real-world context to ensure this serves the public interest. The report explicitly states that the practice of behaviour change might require 'careful handling' and that 'the public need to give permission and help shape how such tools are used' (ibid: 10). It considers 'issues around

gaining democratic permission for behaviour change policies' listing the three key factors to consider: 'who the policy affects; what type of behaviour is intended; how the change will be accomplished' (ibid.). Whose behaviour is to be modified, is an important political issue and one which will be central to the analysis hereon. It is important to examine the political contexts in which these strategies are and are not applied.

As mentioned above, one social impact of neo-liberal policies in the 1990s was a rise in crime. Initial foci detailed in the early Mindspace report included 'safer communities', where interventions were designed to deal with this (largely poverty-related) crime; 'the good society' (which includes encouraging individuals' pro-environmental behaviours and 'responsible parenting'); and creating 'healthy and prosperous lives' - prophetic at a time of National Health Service (NHS) privatization (ibid: 29). BIT's support to the civil service includes initiatives for government bodies such as Public Health England, a new agency charged with supporting public health after the shake-up of the NHS last year. It has been criticized by medical organizations including the British Medical Association for not being independent enough to contradict changes to government policy (Campbell, 2014). But BIT has been involved in interventions cross-government, and 'are now active in almost every area of domestic policy' (Service, 2013). The recent 'priority areas' include 'giving of time and money', 'public service reform' and 'reducing regulation'. Due to initial resistance, BIT 'had to ... prove it was worth the money in setting it up ... to win over the sceptics. What [Halpern] did first of all was to implement some initiatives which showed [the] small unit [had] come up with some ideas that saved vast multiples of what you've spent' (O'Donnell, 2014). They claim to have saved £300m between 2010 and 2012, twenty times BIT's cost. This was largely through drawing forward income tax by appealing to the conformist urges of already-largely-compliant late payers to pay sooner (Benjamin, 2013).

The focus according to O'Donnell was on 'those who were making bad mistakes and that could range across the income span, so people with rather a lot of money were making very stupid decisions ... on terms of which [annuity] to buy for example ...' (O'Donnell, 2014). But the Mindspace report states that 'someone who has developed a dislike of government interventions may be less likely to listen to messages that they perceived to come from "the government" (Dolan et. al., 2010: 19). And regarding this it specifically emphasizes how 'those from the lower socioeconomic groups are more sensitive to the characteristics of the messenger' and this may make them resistant to targeting attempts at 'addressing inequalities' (ibid.). The report states that 'we may irrationally discard advice given by someone we dislike' and 'the most effective strategy for changing behaviour may be to use third parties or downplay government involvement in a campaign or intervention' (ibid.). This raises a conflict with the stated need to 'gain democratic permission' for the use of these behavioural methodologies. Thaler and Sunstein also argue transparency and publicity are essential in nudging (2007: 244). Wilkinson calls this an 'escape clause' to stop nudges being manipulative and ensure they preserve an individual's liberty to choose, it means they can 'opt-out' of nudges they dislike or that are designed poorly (2012: 351). On this BIT's Deputy Director Owain Service said, 'We obviously work with Richard [Thaler] a lot and we know Cass [Sunstein] very well as well, and ... our starting position is ... what the best way of achieving a given objective is. So, we don't sort of ruthlessly apply that ... libertarian paternalistic approach.' He added, 'I don't think ... if you talk to Richard ... I don't think he would religiously apply that philosophy either' (Service, 2013).

The suffocation of differing agendas in propaganda, and in the decision-making process, so that conflicts of interest remain unseen, is a way power can be exercised over a person 'by influencing, shaping and determining his very wants' (Lukes, 2005: 27). Behavioural propaganda in particular often aims to produce 'consent' (Gramsci, 1971), by engineering the situation whereby people will produce the 'right' behaviour without their rational awareness that they are being influenced. Steven Lukes observes how non-decision-making is a crucial element of power analysis (2005: 22–23).

Mindspace further states that campaigns designed to provide information and allow for choice may be effective among the privileged but less effective among those disadvantaged in society. It argues that relying on the latter group making what are thought of as the 'rational' decisions about their interests is problematic and would lead to a behaviour change gap:

'the better educated, higher income, more advantaged minds are the first and easiest minds to change, inequalities in health and wellbeing may be widened by information campaigns.' (Dolan, et. al., 2010: 15).

Instead Mindspace proposes an 'Automatic System' that influences the 'context' in which all people act. By this rationale the public is there to enact behaviour, enacting paternalistic decisions and must be often-unconsciously 'nudged' to comply. Far from libertarian, the removal of choice could be said to demonstrate a government fear of 'majoritarian democracy' (Williams, 1958: 298); non-compliance is perceived as error in the system that must be corrected through communications or 'nudging'. Raymond Williams observed that communication requires 'not only transmission',

it is also reception and response ... The failure is due to an arrogant preoccupation with transmission, which rests on the assumption that the common answers have been found and need only to be applied (ibid: 314).

The report justifies this, saying 'changing the context, rather than people's minds, might be more cost-effective' (Dolan et. al., 2010: 16). Certainly a change to the 'context' of someone living in one of Britain's most deprived communities, such as allocating funds to alleviate poverty, boost education, local job-creation and re-allocation of resources to create incentives for investment in that region, might be more likely to result in improvements in their lives, and decision-making, but systemic change is not what is meant.

Many of those working in the field of 'behavioural science' have asserted that its incorporation into government has been too slow. Nigel Oakes, the CEO of contractor 'Strategic Communication Laboratories' and founder of the 'Behavioural Dynamics Institute' (their research arm) said: 'introducing ... influence and behavioural change into ... government organisations' was a slow process 'because up till now they've only ever understood ... attitudinal change and basically PR ... that's what we're up against. And, of course, hugely powerful people in government who specialise in' PR (Oakes, 2013). This was echoed by O'Donnell: initially, 'Comms people ... were quite resistant ... kind of old-fashioned [believing] "what we need to do is to make an advert to tell people to put seatbelts on" (O'Donnell, 2014). And politicians' views of this were traditional; '[pollsters] and focus groups'. This meant O'Donnell and Halpern were 'a little bit nervous about this being seen as just another form of marketing' (ibid.).

O'Donnell chaired BIT's quarterly boards which set the team's strategic priorities until he retired and 'Jeremy Heywood took over', but Owain Service, the Deputy Director of the BIT

said that it had now became more 'institutionalized' (2013). Though it is a small team, O'Donnell noted that their function is to set things in motion and mentioned how DWP and HMRC 'have been very good at picking up many of the ideas and taking forward themselves' (2014). Their 'interventions' were designed to seek savings and efficiency and reduce government welfare spending. O'Donnell argued that 'the whole point of behaviour change is to improve people's wellbeing and the big society was an example of ... using the fact that volunteering and giving are really positive for people's wellbeing ... leaving aside the advantage to those who are the recipients of it' (ibid.). While many 'nudges' can be and are positive, in encouraging people to eat more healthily for example, or give up smoking, when they want do so, the 'libertarian paternalism' of behavioural economics, has been rolled out at a time when British welfare is being cut and the NHS privatized, and it exists as a way to facilitate these deepening cuts to services and greater deregulation.

Owain Service said that the unit is misunderstood: 'People think that ... you're trying to nudge people, actually what we're really interested in is how people behave, the process and how we can help them to change their behaviour so that it's more in line with what government objectives are' (2013). The assertion from its Director Dr David Halpern was more in line with its accompanying spin; that the government unit was to 'help people to make better choices for themselves' (Benjamin, 2013); for whom they are making the choices is crucial. BIT priorities reflect the policy concerns of Prime Minister David Cameron and his Deputy Nick Clegg. They shifted after the initial focus and flurry of media coverage on health, 'well-being' and encouraging charity, to an enhanced focus on economic growth and generating revenue by reducing regulation and public spending. BIT effectively performed two key functions:

- As PR presenting the government as an innovator in public health, social
  policy and welfare, austerity as necessary and 'nudging' as the only 'realistic'
  solution within the (silent and largely unchallenged) constraints of capitalism;
- Within wider social policies supporting government cuts, by enabling government to refocus policy solutions away from the state, the financial sector and corporate tax avoidance.

Service said that 'a couple of days ago we had a steering board and [Jeremy Heywood] said I want you to work on employment and growth as your two priorities' (2013). Such interventions have included a Job Centre in Loughton, Essex. Owain Service described how they use,

user-centred design ... where you don't assume you can dream up your policy from sitting behind a desk in Whitehall, you spend time observing; working with those people who are actually experiencing the service themselves. So you go to the users of a service or the administrators of a service (ibid.).

They chose to go to the administrators of the service:

a lot of that initial part of that particular programme was sitting in with job advisors when they themselves are going through the process of working with somebody who is looking for work. And the reason we emphasize this is, quite a lot of the time, if you are a policymaker in any country ... and you're doing a ... programme around job centres you might go and visit a couple of job centres, but

you might not actually. But what you won't do is spend a considerable period of time inside those job centres to really find out what it is truly like to be an administrator in a job centre. Or to be somebody who is looking for work (ibid.).

The intervention was designed to encourage advisors to give their clients a 'sense of progress', giving them a forward-looking focus on their plan rather than dwelling on the difficult realities of finding a job in the contemporary employment market. According to the Guardian, this formula is used in Starbucks reward schemes, marketing that gives customers 'a 12-stamp card, instead of a 10-stamp one, but when you buy your first coffee they give you two stamps straight off' which means customers will feel a greater sense of 'progress' and buy more coffee (Benjamin, 2013). These marketing strategies are being applied to those in the lower strata of the British economy to ensure those individuals give more readily into the economy. Loughton is an area with high unemployment, hard hit by the recession (Epping Forest Guardian, 2008). In its suburb of Debden, this is compounded by mental health problems which are more prevalent than elsewhere in the country. A food bank which opened in 2012 was inundated in its first month, leading to strained resources (Hardy, 2012).

BIT's blog states proudly that they are 'Designing interventions in partnership with the people who are going to deliver them' but in doing this they leave out recipients of the intervention. Any intervention that is designed to respond to the needs and work in the interests of jobseekers needs to engage with jobseekers themselves, their individual needs and their experiences of the systems that have been targeted for change. This therefore, wasn't a strategy designed around those who need most support such as the long-term unemployed and those who have come off incapacity benefit. BIT stated that they 'don't have data on

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<sup>&</sup>lt;sup>6</sup> They did not, however, interview anyone looking for work.

whether the customers had any disabilities' (Cabinet Office, 2012a). The experiences of the jobseekers, their diverse situations and needs are irrelevant in the planning which was designed to reduce costs and paperwork at the department of Work and Pensions (DWP) (Cabinet Office, 2012b). The BIT boast a small increase of 15–20 per cent more people off benefits after thirteen weeks, possibly due to less of the jobseekers' time being wasted on bureaucracy. While it is positive to reduce form-filling, if someone doesn't have a job after eight weeks it is likely part of a broader problem such as a lack of suitable employment, a problem 'expressive writing' will not solve. The onus is of course on the jobseeker to become more 'resilient' not for the government to commit to ensuring secure employment is available (Cabinet Office, 2012a).

A recent report by the 'Resolution Foundation' think-tank indicated recently that during the last six years, only London has seen a marked rise in employee jobs, and many of the increases seen nationally in those leaving welfare can be explained by a rise in often-precarious self-employment (up to 15 per cent of all employment) with many becoming lone-traders (D'Arcy and Gardiner, 2014). Other research by Manchester University shows that post-crisis growth and job-creation has been focused in the south-east (Chakrabortty, 2013). A significant proportion of the employee jobs that have been created have, however, been on insecure 'zero-hours' contracts where there is no minimum guarantee of working hours.

Structured into some of the Mindspace framework is a focus on the poor for interventions. For example, it states 'the value of something depends on where we see it from'; in other words, poor people need a smaller investment as an incentive to alter their behaviour. The poorer people are, the easier it is to motivate them with a lower financial incentive. The document describes how little was required to bring about a behaviour change in Malawi

(Dolan, et. al., 2010: 20). By the same rationale, with wealthy individuals, a financial incentive or cost is viewed according to the degree of change from that reference point. Recent research also indicates that the richer people get, the less empathy they have for those with less money and the more they defend their entitlement to that wealth. However, it has also been demonstrated that it is possible to 'nudge' such empathy with effects on wealth distribution. Psychologists (Piff, 2013a; 2013b), indicate that accumulating wealth decreases altruism and increases unethical behaviour, which drives up economic inequality. Yet Piff states that it is relatively easy to 'nudge' giving among the wealthy so that this decreases and 'cause wealthier individuals to be just as egalitarian as poor people' (2013b). The majority of BIT changes, however, follow neo-liberal policies in predominantly focussing on 'nudging' ordinary individuals to pay more taxes etc., rather than nudging corporations or wealthy individuals to do so.<sup>7</sup> Some research indicates that policymakers themselves and organizations may be subject to 'behavioural biases'. Armstrong and Huck (2010) argue that these biases can potentially intervene in and modify corporate profit-maximising behaviours.

In taxation, recent data by the Equality Trust advocacy group shows that the poorest 10 per cent of households already 'pay eight percentage points more of their income in all taxes than the richest', but the public perception is that the rich pay more (Allen, 2014). In 2011, the

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<sup>&</sup>lt;sup>7</sup> Corporate nudges are quite possible: Service mentioned one in relation to mobile phone theft that would impact on the market to produce a solution that would reduce the burden on policing: 'the normal approach would be to say ... mobile phones get stolen all the time, how can we crack down on this particular problem? What powers can we give the police to solve this particular crime-type. And that might be a legitimate response, but ... it will cost money'. BIT instead created a Mobile Phone Theft Index: because, 'for example ...iphones are about four times more likely to get stolen than the next most likely brand of phone, which are blackberries ... and there are peaks just before new model's about to be introduced, which is an ... indication of the nature of some of this problem is ... an insurance issue...' So the index would 'gather the data on this and put it out so consumers can be more informed when they're making their decisions, but more importantly, it will put pressure on the manufacturers in a slightly different way.' (Service 2013). The motivation is not redistributive, but to adjust markets and reduce need for regulation of business.

<sup>&</sup>lt;sup>8</sup> On this O'Donnell said behavioural biases in government 'absolutely' exist and 'a key point I've been making about politicians is that ... Secretaries of State ... spend a lot of time in the [House of Commons or Lords]' and so 'are automatically going to think that's where I'm going to find the solution for things, hence you have a very strong bias towards legislative solutions.' (O'Donnell 2014).

advocacy group Tax Justice Network estimated tax avoidance costs the UK economy £69.9 billion a year (2011) and point out that this represents '56% of the country's total healthcare spend' (Jenner, 2011). The HMRC declares proudly that it has 'more than 300 staff focused on' affluent tax evaders (2012). This compares with 2,876 staff in 2012 at the DWP investigating social security fraud (Syal, 2012). BIT has also focused on tax, where Service said the techniques were 'wildly successful' (2013). Again, instead of focusing on the far more costly deliberate tax avoidance BIT focuses, for HMRC, on encouraging those who might be slow to pay more quickly. They state that they 'brought forward an additional £210M of revenue'. It was 'brought forward' although 'HMRC normally get the money at some point ... [the taxpayers] pay you sooner so you don't have to take them to court' (ibid.). This strategy works by appealing to people's honesty and is likely to affect only individuals who do their own taxes. Research has indicated that almost a third of managers polled recently said they work in an unethical way putting this down to necessity for 'career progression' (Chartered Management Institute, 2013: 4).

A competitor, Nigel Oakes argued BIT's methods were crude: 'I think they're looking at the economics of it and they're then ... guessing at the solutions', and

picking up ... Robert Cialdini's book Persuasion which covers '50 most useful techniques' and they found one called social proof and so ... said to people in the street, everyone else has paid their gas bill so you should pay yours.

Oakes said: 'it's like an ad agency ... coming up with a lucky ad campaign that sort of really, really works and they go, see?' but not really understanding how and why they did it. One example he gave was their work on increasing gas bill payment saying this, 'wasn't bad...

because when you're dealing with ... hundreds of thousands of people ... pretty much whatever you do is going to ... achieve a positive result.'

However, Oakes argued BIT was still better at 'behaviour change' than conventional PR. Increasingly this is seen as an area of expertize Britain can capitalize on and the BIT helped establish a similar unit in Obama's White House. O'Donnell said 'I suspect where the new version of the nudge unit will be most successful is in its work internationally with other governments' (2014). The British Government has crafted an international image and reputation for being good at persuasion. In the US Government in particular, Britain is viewed as having particular skill in the area of persuasion, largely due to assistance in a security context (Briant, 2015). Assistant Head, Defence Media and Communications Operations Plans MoD Col. Ralph Arundell for example said 'the Americans like to think we're very good at this sort of activity. Because we have a long historical background with it' (Briant, 2015: 216). In 2012 the New South Wales (NSW) Premier Barry O'Farrell set up a similar 'nudge' unit with BIT's guidance. The plan was similar 'looking at ways documents issued by the Office of State Revenue – which collects state taxes and traffic fines – can be reworded to deliver better results' (Wade, 2013) and 'debt recovery, fraud prevention and preventable health issues' (Hollingworth, 2012). Chris Eccles, Director General of the NSW Department for Premier and Cabinet even echoed the same rhetoric used by Halpern: they were 'enabling people to make better choices for themselves' (Cabinet Office and Shapps, 2012).

BIT has now become a mutual, partnered with Nesta and is seeking more commercial contracts. British government departments will now pay consultancy fees for any advice provided. According to the Financial Times in 2013 'the value of government contracts handed to the private sector' has 'doubled in four years to £20bn' (Plimmer, 2013). The move was not anticipated from the beginning: 'I certainly hadn't imagined that it would become a joint venture' O'Donnell recalled, 'that happened after my time' (2014). O'Donnell himself now works for Frontier Economics, a consultancy which lobbies government ministers on behalf of commercial clients. 10

## Media 'Scapegoats' and Individual Responsibility

The cultural politics of neo-liberal 'nudging' – evidenced in discourse and persuasion tactics – can equally be evidenced in the way scapegoats emerge from media discourse in relation to the liberal notion of 'individual responsibility' across the cultural landscape. While BIT's interventions fall far short of managing the impacts of austerity, some media have presented a selective or distorted history that deflects attention away from state responsibility.

Gramsci saw the relationship between historical knowledge and praxis as crucial to ensuring philosophy and planning responds to the needs of the people (1971: 462) and that 'consent' is a clear indication of how the establishment attempt to manage the cultural political field. Media coverage has also helped to manage conflicts of interest and manufacture consent for austerity by demonizing the poor by creating moral panics, which are driven by ideology.

<sup>9</sup> These must have a 'social purpose' - Service clarified that this meant that the intervention cannot be for purely commercial objectives such as increasing profits (Service 2013). Beyond this, what kind of social purpose or who defines the social value of it is unclear.

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<sup>&</sup>lt;sup>10</sup> Including Heathrow Airport which some have argued is a conflict of interests (Cohen, 2013)

As Cohen argued, moral panics are produced when 'a condition, episode, person or group of persons emerges to become defined as a threat to societal values and interests' (2011: 9). Demonized 'folk devils' concerned 'deviant youth cultures', yet crucially key features of Cohen's model in relation to the 'cycle of a moral panic' (ibid: 24), and 'folk devils', can be seen in recent contexts facilitating policy changes. Examples include disability and incapacity benefit claimants mentioned above.

Emphasizing 'individual responsibility' isn't particularly new, although in the age of austerity it clearly produces specific narratives that affect cultural politics. For example, Golding and Middleton had argued in the eighties that emphasizing individual responsibility led to a culture of 'indicting welfare and convicting the poor' for that era's financial crisis (1982: 3), through the creation of new 'folk devils' in the media like 'welfare scroungers', 'single mothers' and 'dole cheats' (Cohen, 2011). Further the moral panic of a 'campaign against scroungers' (Franklin, 1999: 2) led to the demonization of welfare recipients, ignored the structural issue of rising unemployment (Campbell, 1984) and built intense pressure to cut back welfare spending.

These historical details are replicated today when we consider the 2010 Coalition Government's welfare reforms which included a reassessment of people claiming incapacity benefit<sup>11</sup>. Similar cuts to the austerity measures in 2010–11 had been proposed for incapacity benefit by the previous Blair Government in 2004–5. Research by Briant, Philo and Watson (2011) demonstrated a surge in media coverage of disability following the financial crash as

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<sup>&</sup>lt;sup>11</sup> The changes included tests for people who receive Employment Support Allowance (ESA) introduced by the previous administration and continued by the current one. A 'Universal Credit' benefit was introduced along with a change in indexation of uprating benefits from the higher Retail Price Index (RPI) to the lower Consumer Price Index (CPI), changes to entitlement to Disability Living Allowance (DLA) and a range of other service changes and welfare cuts impacting adversely on disabled people.

government cuts were directed at reducing the welfare budget by reclassifying disabled people as fit for work. This news coverage focused on people who it said claimed disability benefits fraudulently and linked them with the crisis through welfare spending.

Although this type of news framing existed before the financial crash what is clear is the idea of 'austerity' – as ideology – helps to construct a different narrative within the field of cultural politics. For example the term, 'we're all in it together', is an ideological construct that legitimizes government and often media actions to apply policy and to forward a philosophy that argues for individuals taking responsibility for their actions.

Research indicates that mainstream reporting of the banking crisis forefronted City sources' perspectives and proposed solutions which placed the burden on the public (Berry, 2012). As the cuts were underway in 2010–11 most newspapers were supportive of the government's policies (Briant, Watson and Philo, 2013: 6) to justify the austerity cuts to disability benefits in the wake of the financial crisis where the media debate became more personalized around individual responsibility and less focused on 'problems in the system' (ibid.). Some articles even blamed the whole debt crisis on incapacity benefit claimants: 'Shirker's Paradise; Exclusive: IDS on Benefits Britain, Wagner's one of Million who Claim Incapacity, Workshy are Largely to Blame for Deficit Crisis' (Briant, Watson and Philo, 2013: 8). Negative coverage blamed welfare claimants themselves for austerity to deflect blame from government and created scapegoats for the cuts (Briant, Watson and Philo, 2011).

The portrayal of the welfare claimants as fraudulent has been a central theme since the late 1970s and research showed that the use of this theme increased following the financial crash (Briant, Watson and Philo, 2013). Deacon argued that in the 1970s media levels of hostility

towards the poor, contrasted with the existence of 'virtually no abuse' of the system (1978: 346). And similarly following the financial crash an exaggerated prominence of fraud as a tabloid theme conflicted with the reality of low recorded and estimated levels of fraud (for Disability Living Allowance estimated to be at 0.5 per cent and for Incapacity Benefit to be at 0.3 per cent by DWP 2012). It served to focus public perceptions on claimants rather than systemic problems of the labour market, or government economic policies. Exaggeration and distortion provide one way folk devils are constructed and reinforced (Cohen, 2011: 31). Cohen describes how individual cases are taken within the media discourse 'as confirming a general theme' (ibid: 81) and then seen as part of a broad trend, in this case it was benefit fraud. There is a strong public belief that benefit fraud is high; a recent poll indicates that 'on average people think that 27 per cent of the welfare budget' is fraudulently claimed – compared to the reality of just 0.7 per cent (TUC 2013). In fact, benefit underpayment is far greater than total benefit fraud, and both are far surpassed by even the modest HMRC estimates of tax avoidance, at £30 Billion per year (Ball, 2013).

The fraud theme was reflected in language: benefit claimants were described by the media using pejorative terms such as 'scrounger' and 'workshy'; terms that were used before the financial crash but which increased following it (Briant, Watson and Philo, 2013: 8). Politicians and ministers contributed to this, for example George Osborne, the Chancellor of the Exchequer who 'claimed living on incapacity benefit had become a "Lifestyle Choice"; this phrase was 'recycled' in the media (ibid.). Cohen claimed that political influence plays a role in determining the form the 'inventory' or process of media interpretation/response takes; he identified two interrelated factors that determine this: 'the institutionalised need to create news and [...] the selective and inferential structure of the news-making process' (2011: 45). Cohen argues that 'the media adjudicate between competing definitions of a

situation and these definitions are made in a hierarchical context – agents of social control are more likely to be believed' (ibid: 46). Newspapers were broadly in support of the Coalitions welfare cuts and continued, as Cohen argued, selecting stories to fit with their pre-existing themes (ibid: 47).

Following the financial crash there was also a redrawing of the category of 'disabled' by the Government distinguishing the undeserving (many) and the deserving (few) with an emphasis on 'work' capabilities rather than 'health'. This allowed the vilification by government ministers and the mainstream media of 'folk devils' who had formerly been encouraged to claim. Those previously classified as disabled were now 'described in the popular media and in political discourse as people who have taken illegitimately from the taxpayer and cheated "genuine" claimants' (Briant, Watson and Philo, 2013; 14). It reduced claimants, whilst reassuring the public that support was provided for (those who continued to be classed as) disabled people and press coverage often included, as a minor theme, small concessions for the 'genuine' disabled which served to add emphasis to the idea of large numbers of 'fraudulent claimants' (ibid: 10). The financial crisis thus facilitated the expansion of the neo-liberal conceptualization of poverty as caused by 'individual inadequacy' and demanding individual not state solutions to include people in receipt of disability and incapacity benefits. News discourses were used to question the citizenship and rights of welfare recipients in a way that reflected recent research into news discourses on asylum seekers.

### Conclusion

We have shown here how BIT's 'nudging' is being used as a compliment to an ideological system which, alongside media creation of 'folk devils' refocuses responsibility for the

financial crisis and subsequent austerity measures on individuals. This exposes an inherent contradiction in the neo-liberal adherence to free market fundamentalism. Instead of being interpreted as a crisis for neo-liberal ideology, the 2008 financial crash was rationalized through a discourse of austerity that focused on reforming the behaviour of those most affected by the crash and this is how cultural politics proceeds in the age of austerity in the contexts discussed in this chapter.

In his seminal work 'The Sociological Imagination', C. Wright Mills draws a distinction between 'private troubles' and 'public issues', he illustrates this idea by arguing that the solution to complex social problems like mass unemployment cannot be found 'within the range of opportunities open to any one individual' (1959: 8). Mills stresses the importance of understanding the causal structural conditions that drive social problems. The individualist rationale that underpins the neo-liberal ideology represented in recent policy and media narratives inverts this logic to rationalize public issues as private troubles (Mills, 1959: 8). Briant, Watson and Philo (2013: 15) concluded that 'The creation of widespread concern about fraud and misclaiming follows from deliberate political interventions'. Zizek describes how 'pseudo concrete' images are used to embody 'all the evils of society' and form part of an 'ideological edifice' to scapegoat individuals and groups. Zizek's example of the 'unemployed single mother' (2012) could just as easily be incapacity benefit claimants or other marginalized groups. Media representations have an impact on how poverty is understood by the public (Briant, Watson and Philo, 2011). Joseph Rowntree Foundation's latest research found that public attitudes to poverty and welfare have hardened (Clery, Lee and Kunz, 2013). A fundamentalist free market approach has dominated political decisions about social welfare in Britain since the late 1970s, but is being further entrenched and justified with reference to the recent crisis. Social effects have been masked in an approach

which blames individuals for social problems and ignores the structural causes, leading the media to call for sanctions against those individuals. In these political and media narratives people are valued by their 'ability to produce wealth' (Katz, 1990: 7), justifying cuts and the resultant social exclusion of those who do not.

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## **Endnotes**