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Privileging privatisation: Accounting practices and state transformation in the UK

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Abstract

How do accounting practices interact with processes of state transformation? Focusing on the privatisation of social housing in the UK, we clarify an important mechanism through which accounting practices served to constitute material incentives in favour of privatisation. Our archival research demonstrates that the UK government's atypical practice of including public corporations' liabilities in its own debt calculations shaped discussions and decisions over the transfer of public housing stock to non-state Housing Associations in the 1980s. By unpacking the constitutive relationship between accounting practices and material incentives, we advance and bring together scholarship on state transformation and the politics of accounting.

Keywords: accounting practices; privatisation; social housing; state transformation; Thatcherism.

Introduction

Across advanced-industrialised countries and beyond, deep-rooted transformations in the form and function of the state have taken place in recent decades. While bodies of scholarship are segmented according to favoured terminologies and focuses, there is broad consensus that states have shifted from being direct providers of public goods, to being regulatory coordinators of increasingly market-based provision of public goods (e.g. Hirst and Thompson 1994; Cerny 1997; Majone 1997; Levi-Faur 2005). Privatisation, the transfer of an organisation or sector from state to non-state ownership and control, has been an important component of these restructurings. Through our study of housing system transformation, we highlight the role of the UK's atypical national debt accounting practices as an ideational framework that systematically privileged privatisation by constituting a direct and potent material incentive for this course of action.

It is widely acknowledged that, at all levels of politics, ideas play a powerfully constitutive role. The way in which a policy issue is defined shapes the way in which it is understood and subsequently acted on. Practices of quantification have in particular come to attract a high level of scrutiny, as scholars have sought to unpick the political dynamics surrounding a range of superficially technocratic frameworks for measuring policy problems and performance (e.g. Miller and Rose 1992; Scott 1998; Mugge 2016). By clarifying the relationship between accounting frameworks, material incentives, and processes of privatisation, this paper extends scholarship on the politics of accounting and broader literature on the politics of state transformation.

The refined theorisation of the constitutive power of accounting practices is the core conceptual insight we advance through this paper. We specifically advance understanding of the intersection of accounting practices and material incentives. Existing scholarship has

typically highlighted the 'relational' positioning between accounting practices and material incentives, with for example powerful actors shaping and deploying accounting practices to advance their material interests. Here, we identify and explore the 'constitutive' positioning between accounting practices and material incentives, with accounting practices themselves serving to bring into being material incentives. This theoretical advance extends literature on the politics of accounting practices and, in illuminating a mechanism that increased the attractiveness of privatisation as a policy option, is highly relevant to broader scholarship on state transformation.

We develop our engagement with literature on the politics of accounting practices and state transformation out of our study of housing system change in the UK. We primarily explore the transformations that occurred from the 1980s in the provision of social housing (rental accommodation provided as a public good at below-market price) in England. We show that, in the 1980s, a desire to shift current and future debt off the government's balance sheet featured in discussions over privatisations of state agencies and functions. Under the UK's favoured 'public sector net debt' measure (and in contrast to the internationally-favoured 'general government gross debt' measure), public corporation debt is included within government debt calculations. This accounting practice constituted a potent incentive in favour of privatisation, with privatisation serving to shift current and future liabilities off the government's balance sheet.

The paper is structured as follows. In the first section, we outline the conceptual extension to scholarship on state transformation and the politics of accounting practices that comes through our identification of the constitutive relationship between the UK national debt framework and material incentives in favour of privatisation. In the second section, we explore at a general level the politics of government debt classification, before in the third section

analysing the privatisation of social housing in England specifically. To conclude the paper, we provide a recap of our core intervention into the debates over relationship between ideas, material incentives, and state transformation, and emphasise the critical importance of debt management and classification practices within contemporary politics.

Accounting practices, the constitution of material incentives, and state transformation

To clarify our contribution to understanding the intersection of accounting practices and material incentives, we draw on Barnett and Duvall's (2005) conceptualisation of power. We do so in order to help clarify our contribution to understanding the relationship between accounting practices and material interest; while existing scholarship typically highlights (to foreshadow Barnett and Duvall's terminology) a 'relational' positioning between accounting practices and material interests, we here demonstrate a 'constitutive' positioning. In setting parameters for our study, we take a broad definition of 'accounting practices'. Drawing on Scott's (1998) seminal work on data collation and 'seeing like a state', we include in our review below literature that focuses on dynamics surrounding formalised acts of measurement of the social world.

Barnett and Duvall (2005) specifically encourage us to conceptualise power as functioning across relational and constitutive dimensions, to enhance the precision with which we are able to analyse and discuss power. Along the relational dimension, power is held to be 'an attribute of particular actors and their interactions'. The relational dimension of power covers the ability of Actor A to 'determine their circumstances and fate', most conventionally explored in terms of ability to 'control another to do what that other would not otherwise do' (Barnett and Duvall 2005: 39). Along the constitutive dimension, power is held to be 'a social process of constituting… identities and capacities'. As we show below, existing scholarship

has tended to present accounting practices as either exerting constitutive power by shaping prevailing understandings of a given aspect of the social world. Where the intersection of accounting practices and material interest is considered, accounting practices are commonly held to function as frameworks for deploying relational power in line with powerful actors' material interests. Our extension comes from clarifying the role of accounting practices as serving to constitute material incentives; by so doing, we identify in national debt accounting practices a particular and significant manifestation of a structural framework that 'produces… social powers through systems of knowledge and discursive practices' (Barnett and Duvall 2005: 55).

Scholarship on the politics of accounting practices is, of course, wide and varied. Prominent contributions have foregrounded the inextricably close relationship between attempts to quantify an aspect of local, national, or international public policy, and the prevailing understanding of that policy issue within a relevant community of scholars or practitioners. Contributions to critical accounting scholarship offer examples of this tendency. In an early review of the state of the art of literature on accountancy and state transformation, for example, Broadbent and Guthrie (1992) foreground the impact of accounting frameworks in (re-)shaping ideas about appropriate means and ends within the public sector. Broadbent and Guthrie use the term 'technical contextual power' to capture the capacity of accounting practices to shape organisational priorities or even to more broadly alter an organisation's mission. These insights align with the oft-repeated mantra, in critical accounting studies and elsewhere: 'What gets measured, gets done'. A central extension from Scott (1998) is the observation not only that states and their agencies require frameworks of quantification to render the social world subject to purposive intervention, but that such governance by numbers can pathologically generate invisible, unintended, and dysfunctional consequences. In a similar

vein, Waring (1988) has shown in detail the gendered biases contained within government accounting frameworks.

More recent work brings together a focus on the constitutive power of accounting practices with a concern with material interest. In general, from interrogations of accountancy and state restructuring, we receive visions of eco-systems developing between materially powerful actors on the one hand, and accountants and their frameworks on the other. Focusing on a range of policy areas and national contexts, Uddin and Hopper (2001), Craig and Amernic (2006), and Ding and Graham (2007) find accountancy services to have been deployed to offer framings of processes of state transformation involving privatisation and marketisation that cohere with materially powerful actors' interests. Actors with a prior interest in privatisation and associated state transformation use their material resources to instrumentally deploy accounting frameworks that help to rationalise their favoured course of action. In these cases, material interests precede and shape the creation and application of the accounting framework.

Beyond critical accounting studies, broader political economy work has presented parallel interrogations of the mechanisms through which accounting practices constitute intersubjective understanding of an aspect of the social world. In relation to the UK, we see that accounting practices and conventions have influenced approaches to pension reform (Berry 2016), fiscal devolution (Sandford and Mor 2019), and Bank of England's operational focus (Evemy 2019). Broome and Quirk (2015) provide an exploration of the pathways through which the proliferation of accounting practices through 'global benchmarking' has served to 'neutralise' and 'universalise' suites of policy practices. These public rankings of policy frameworks and outcomes are inextricably founded on partial and contestable assumptions about how the world works, and how the world should work (Clegg 2010; Hansen and Mühlen-Schulte 2012; Fioramonti 2014; Kuzemko 2015).

Within this selection of scholarship, the function of such accounting practices as a mode of relational power is commonly identified and interrogated. Wielders of these frameworks of quantification and comparison seek to discipline or reward subjects into 'improved' behaviour, through reputational harm or enhancement (Clegg 2015; Kelley and Simmons 2020; Lall 2020). The role of material power and interests attracts attention in this regard, with material incentives being incorporated as an additional tool of performance management (Van Waeyenberge 2009; Broome and Quirk 2015: 822-4).

The value-added from our study is the identification of an additional aspect to the accounting practice-material capacity relationship, in the form of debt accounting practices' constitution of material interests. In the case of UK national debt accounting framework, classificatory practices serve to incentivise privatisation as a course of action for the government, particularly in the post-Keynesian context in which fiscal credibility is strongly associated with commitment to balanced budgets. By lodging public corporation debt within calculations of government debt, classificatory norms within the UK's public sector net debt framework generate a material incentive for privatisation; by privatising, a public corporation's current and future debt obligations are removed from the government's stock, moving towards a balanced budget and therefore accepted conceptions of fiscal credibility. In contrast, under the widely used general government gross debt measure, the classificatory norm is for public corporation debt to already sit outside of the government's balance sheet, and so public corporation debt is not constituted as a privatisation incentive because it does not affect the statistical presentation of the budget balance in the same way. Under the UK approach, accounting framework norms constitute material incentives that privilege privatisation.[1] We use the term 'privilege' to indicate that the accounting framework and linked incentive structure

[1] In the following section of the paper we explain the public sector net debt framework more fully and counter-pose it to the widely-used general government gross debt measure, to clarify its constitutive power over material incentives.

shaped the policy context from which the privatisation outcome emerged, in the sense that the framework and linked incentive structure were invoked during official discussions on the topic.

In presenting this refined theorisation of the politics of accounting practices, we make no claims regarding the necessity or sufficiency of the UK national debt accounting framework on the privatisation outcome we explore. In wider scholarship on state transformation, the ideology of Thatcher and Thatcherism is commonly afforded a prominent role in shaping privatisation through this period (Gamble 1989; Evans 2018). Supported by the archival materials presented in later sections of the paper,[2] we show that the incentive structures created by national debt accounting practices were a present and significant feature of contemporaneous decision-making. To locate the contribution made to this broader scholarship on state transformation, we turn now to this body of work.

Within studies of state transformation, privatisation has attracted significant attention. Indeed, Pagoulatos (2005: 358) suggests that privatisation represents the 'most salient and direct' redrawing of the boundaries of the state since the 1980s. Prominent studies of state transformation adopt structurally-focused explanations of marketisation across Anglo-America and beyond. From the post-World War II period through to the 1970s, the Bretton Woods global order is typically characterised as a time when 'embedded liberalism' was institutionalised. Prevailing policy practices and ideas across the era of embedded liberalism were seen to balance commitments to the deepening of global trade links, with the pursuit domestically of activist economic policies and effective social protection (Ruggie 1982; Helleiner 2019). While there was significant variation in national structures and policy

[2] Archival work for the paper was carried out in June 2019 at The National Archives, Kew. Files were identified through an initial search that related to Housing Associations, the Housing Corporation, housing finance, national debt, and public and private sector classification. This initial search covered a period from the mid-1970s (when public corporation debt began to be incorporated into presentations of government debt) through to the most recent available materials. In total 16 files were reviewed, coming mainly from Treasury and Housing and Local Government department holdings.

frameworks, within advanced-industrialised countries the state commonly played a central role in directly delivering a range of utilities and public goods. Social housing, the empirical focus of analysis in this paper, commonly featured amongst the range of public goods that state agencies were tasked with delivering and managing.[3]

System-level changes are commonly presented as triggering state transformation and a move away from Bretton Woods-style arrangements. Through the 1970s, commodity booms at the start and end of the decade formented global transfers of wealth that provided a significant challenge for many advanced-industrialised states' approaches to economic management. This was especially the case in the early 1970s, when OPEC price increases meant that advanced economies' reliance on imported oil led to a rapid deterioration in their balance of payments position (de Vries 1985: 305-10). For Bonefeld (1993) the challenges of economic management at the end of the 1970s, led to a 'recomposition' of the form of the state, in which changes in the social relations of global accumulation contributed to fundamental shifts in state policy vis-a-vis global capital. While during the Bretton Woods era states had sought to 'decommodify', providing protection for the individual and macroeconomic stability by removing activities from the market, the emerging 'competition state' was increasingly characterised by a 'collective commodifying' dynamic, legislating and reforming to place activities within the market (Cerny 1997: 267-70).[4]

Within the confines of structural constraint, changes in the decision-making frameworks employed by policy-makers are identified as playing an important role in shaping

[3] For an overview of transformations in national housing systems across the European continent, see Scanlon et al (2014).

[4] For an overview of points of (dis)continuity through the 1990s and early 2000s specifically in the UK experience, see Jessop (2007).

the detail of state restructurings.[5] Rogers (2012; 2015) and Thain (1985) provide insights specifically into the UK case. Driven by a desire to rein in government spending in order to reduce overall inflationary pressures and bring down the public sector borrowing requirement, UK policymakers from the mid-1970s sought to introduce and enforce monetary targets within government departments. This tightening of expenditure management processes was consolidated through the Thatcher government's Medium Term Financial Strategy framework. State actors came to view increased market-based provision as a tool to achieve efficiency gains and, therefore, to more effectively translate resource flows into the desired outputs. Though adopting a different geographic and spatial focus, Chwieroth's (2010) comparative study provides additional evidence regarding the importance of policy-makers' ideas in shaping marketisation and state transformation. This agent-level focus is enhanced through the large literature on mechanisms of policy transfer that have underpinned state transformation from the 1980s (e.g. Vlachoutsicos and Lawrence 1996; Radaelli 2000; Martin 2004; Evans 2006; Marsh and Sharman 2009; Fink 2011; Orenstein 2013). Within this latter sub-section of scholarship, particular attention has been placed on activities including learning within professional networks (Dolowitz and Marsh 2000), and the provision of policy templates (Stone 2012).

Our intervention into scholarship on the politics of state transformation extends the focus on the frameworks of ideas that inform policymakers' approaches to a given issue. Existing literature has served to flag the importance of the public sector borrowing requirement to transformations of the British state from the 1980s. Yarrow et al (1986: 327), Hood (1991: 3), and Dunleavy and Hood (1994: 9) note that, from the mid-1970s, the annual government deficit figure, levels of public spending, and transparency of budgets in terms of accounting

[5] For a review of conceptualisations of structural constraint and agency in UK executive politics, see Byrne and Theakston (2019).

practices, served as important benchmarks of government performance and competence. Our study of transformations in the provision of social housing confirms the importance of debt-related metrics within policy decisions in general and privatisation specifically. Through our identification of the constitutive power of accounting practices over privatisation-related material incentives, we clarify the mechanism linking government debt figures to this form of state transformation.

The politics of public sector net debt

Debates about what to include in and exclude from measures of government debt have been maintained by accounting practitioners for many years. Should, for example, there be systematic differentiation between 'productive' and 'non-productive' debt, and should the current practice of using 'gross' measures be replaced by 'net' measures that counter-balance liabilities by factoring in certain state-owned financial assets (cf. Vanoli 2005: 267-72; CBO 2009: 14-15)?[6] Indeed, debates surrounding the New Public Management noted the possibility for the structure of budgetary and control frameworks to facilitate 'creative accounting' that might 'destabilize the bureaucracy' (Hood 1991: 9). In the paragraphs below, to add detail to the theoretical contribution outlined in the section above, we provide an outline of UK public sector net debt accounting practices and the more commonly used general government debt measure. We also draw on archival sources to illustrate the ambiguities surrounding the policing of the boundary between public and private organisations – a boundary of enhanced significance under the public sector net debt framework – by HM Treasury and the Central Statistics Office (CSO) in the 1980s, and to demonstrate that a focus on the material incentives

[6] For an overview of approaches to calculating net government debt, see Eurostat (2014).

created by the public sector net debt modality featured in discussions and decisions over privatisations at this time.

Data is available on UK government public sector net debt going back to the 1960s. Since the late-1970s, public corporations' liabilities have been incorporated into public sector net debt calculations and reports (National Archives 1983a). Under contemporary accounting frameworks, public sector net debt is defined as including central government gross debt (gilts, treasury bills, the official Bank of England overdraft), local government gross debt, and - importantly for our purposes - public corporations' gross debt (Hobbs 2009: 3; O'Donoghue 2009: 40). Internationally the general government gross debt has become the more favoured measure, with organisations including the European Union, International Monetary Fund, and Organisation for Economic Cooperation and Development using this format when collating data. Public corporations' debts are excluded from the general government gross debt measure.

In the UK, then, a public corporation's liabilities would be included in the nationally-favoured measure of government debt; elsewhere, under general government gross debt, they would not. In the UK, therefore, the line in the sand between a 'public corporation' and a 'private corporation' assumes a particularly significant constitutive function. It is, in the UK under public sector net debt classification norms, only by transferring state operations to a private corporation that associated debts are removed from the government's balance sheet. Indeed, the potential positive effect (under the public sector net debt framework) of privatisation on the government's annual deficit, alongside any use of privatisation proceeds to pay-down debt stock or reduce annual deficit, form a 'triple positive effect' for the government.[7]

[7] For a detailed exploration of these 'fiscal illusions', see Irwin (2012). Thanks are owed to one of the article's reviewers for highlighting both the 'triple positive effect' from the public sector net debt framework, and the additional detail available in Irwin's IMF Staff Discussion Note.

Under contemporary accounting practices, widely-accepted definitions exist of public corporations and private corporations. Public corporations are defined as organisations that are market bodies (i.e. that derive more than 50 percent of their production cost from sale of goods or services at economically-significant prices), and that are controlled by central government, local government, or another public corporation. Private corporations, in contrast, are defined as market bodies that are not controlled by central government, local government, or another public corporation (Eurostat 2010: 8; HM Treasury 2016: Section 8.4). However, even with these settled contemporary definitions, opportunities exist for government debt classification decisions to be shaped by what Ynesta et al (2013: 9) has termed 'fiscal gimmickry'.[8] Historically, with greater ambiguity over these defining characteristics and lower levels of transparency over classificatory decisions, such opportunities for fiscal gimmickry were notably more readily available.

An insight into space for fiscal gimmickry can be seen by briefly turning to UK government archival documents. In the early 1980s, discussions were ongoing between HM Treasury and the Central Statistical Office over how to classify certain types of public expenditure and related liabilities. At the time, in the context of efforts to more effectively monitor and control government expenditure, there was significant pressure in particular to define agencies as 'public corporations' or 'private corporations' where no classificatory decision had yet been taken, and to revisit existing decisions (National Archives 1983b). Questions were raised about the parameters to be applied when (re-)defining an entity. In principle, agreement was reached between HM Treasury and the CSO that reclassifications of public corporations as private corporations should not be driven by public relations concerns or concerns over debt classification: 'it is important that the change in circumstances is

[8] The government of Greece, for example, was criticised for having classified ordinary government operations as 'public corporation' operations to creatively comply with Stability and Growth Pact rules on government debt (Eurostat 2010: 10).

generally accepted as being of real substance, and not merely a façade' (National Archives 1983b). In practice, there was an awareness in policymaking circles that there remained 'a great temptation in departments to treat privatisation as simply a matter of jumping through certain hoops' (National Archives 1983f).[9] This note confirms both that there was an awareness in contemporaneous policymaking circles that (re-)classification could be deployed as a 'façade' through which to achieve improved outcomes as measured by government expenditure and debt patterns, and that (re-)classifications were being used to achieve this goal.

By the late 1970s, public sector net debt accounting practices were the established and embedded mechanism for recording and reporting government debt. By allowing private corporations to function as a vehicle to move debt stocks off the government's balance sheet, the prevailing public sector net debt accounting practice constituted a material incentive for lodging operations within or moving operations to private corporations. In the following section, we move from a higher level of abstraction pertaining to the politics of public sector net debt, into the detail relating to the transformation of social housing provision in England since the 1980s.

Social housing in England, national debt accounting, and privatisation

The paragraphs below first provide a sketch of the provision of social housing in England, before then reviewing a series of archival sources that reveal the presence of a focus on public expenditure and debt classification within discussions over the transfer of local authority social housing to Housing Associations. The review necessarily covers a relatively high level of detail

[9] Indeed, in 1983-4 unresolved tensions were in evidence between HM Treasury's desire that relaxed standards be applied that allowed for substantial government ownership and control to be retained over 'private' corporations, and the CSO who wanted to see much more limited state involvement in such entities (cf. National Archives (1983e; 1983f; 1984a; 1984b; 1984c).

and complexity. Overall, the material covered below demonstrates that the material incentives brought into being by public sector net debt accounting practices featured in policymaker discussions and decisions over the privatisation of public housing in England. In short, in order that the 'benefit' of keeping related debt off the government's balance sheet was achieved, structures were created that enabled and encouraged Housing Associations to rely on private financial institutions rather than the state for investment finance and therefore (owing to their designation as 'private corporations') for their growing debts to sit outside of the government's balance sheet.

The British state began to act as a direct provider of social rental accommodation in the aftermath of World War I, and through to the 1980s the scale of public sector housing operations saw consistent expansion (Stephens 2013: 200-1). By 1981 virtually all social housing was provided by local authorities; some 6.6 million homes came through this source at that time, which represented over 30 per cent of the total housing stock in the UK. From this point, however, significant transformations in tenure patterns began to emerge as large volumes of local authority housing began to be transferred to Housing Associations (see Figure 1).

[Figure 1 about here]

One pathway through which local authority housing passed from the public to the private realms came through the creation of a 'Right to Buy'. Under Right to Buy, local authority tenants who had been resident in a property for three years were eligible to purchase their home at below market rates. Cumulatively, around 1.8 million dwellings were transferred

through this scheme.[10] The second pathway through which local authority housing passed from the public to the private realms (and the focus of our analysis) came with transfer of stock to Housing Associations. Gathering pace from the late 1980s, approximately 1.3 million dwellings have been transferred from local authorities to Housing Associations in England (Figure 2).

[Figure 2 about here]

The foundations for the transfer of municipal housing stock to Housing Associations were laid in the 1985 Housing Associations Act. Housing Associations (non-profit organisations that delivered accommodation at sub-market rental rates) were already a feature of the English housing system by this time. The Act established the Housing Corporation as the agency of the Department for the Environment responsible for registering, overseeing, and regulating Housing Associations' operations. The Corporation was given the power to advance loans to Housing Associations, for the purposes of purchasing or constructing housing to be let at sub-market rates (Housing Associations Act 1985: section 74-6). Associations were required to seek permission from the Housing Corporation to sell their homes or land, and the Housing Corporation retained the power to petition for the winding-up of an Association and to order the removal and appointment of committee members (ibid.: sections 12, 17, 22).

Prior to the passage of the Housing Associations Act, the status of the Housing Corporation in relation to the public sector for the purposes of calculating public expenditure

[10] See Table 678, 'Annual social housing sales by scheme', MHCLG official website available at https://www.gov.uk/government/statistical-data-sets/live-tables-on-social-housing-sales#right-to-buy-sales. Accessed 28th June, 2021.

had received a significant amount of attention within the civil service. This occurred in the context of the broader discussion about the treatment of nationalised industries for the purposes of public expenditure and public sector borrowing requirement calculations that had been ongoing since the late 1970s. A central question, therefore, related to whether the Housing Corporation was a trading body with independence from the government, which would justify the exclusion of its capital expenditure and borrowing from public expenditure totals (National Archives 1983c).

Ultimately, the Housing Corporation was classified as a public corporation (National Archive 1983c). This meant that, where Housing Associations borrowed from the Housing Corporation to fund purchases or construction of homes, the debt would by virtue of the Corporation's 'public' classification sit on the government's balance sheet. However, Housing Associations themselves were classified as private corporations. By classifying Housing Associations as private entities, HM Treasury created a situation in which any debts incurred by Associations from private financial institutions would sit outside of the government's balance sheet.

Contemporary scholarship has hinted at the 'political' nature of HM Treasury's decision to classify Housing Associations as private corporations, and on the influence public debt accounting practices on this decision (e.g. Malpass 2000: 201; Wilcox et al 2016: 16). Archival records confirm that attention was paid to debt accounting practices within policymakers' discussions over the role, resourcing, and classification of Housing Associations. On the one hand, HM Treasury notes acknowledge that pushing Housing Associations towards greater reliance on private finance might in fact realise no efficiency gains, owing to the higher borrowing costs faced by individual Associations as compared to the UK government (National Archives 1985). On the other side, HM Treasury also notes 'the

[positive] nominal effect of private financing on the Public Sector Borrowing Requirement' (National Archives 1986). With the backing of a clear ministerial preference in favour of the expanded use of private finance by Housing Associations, the direction of travel toward enhanced reliance on private finance by Housing Associations was locked in. Private borrowing by private corporations was, under the prevailing public sector net debt accounting framework, attractively invisible for the UK government.

In line with recommendations from HM Treasury in the mid-1980s,[11] a *modus operandi* emerged for Housing Associations from the latter part of the decade that was heavily based on private finance. Under the housing stock transfer model that developed at this time, a 'tenanted market valuation' was used to guide the price paid by a Housing Association to the transferee local authority. Typically, a 30-year projection was used to calculate the difference between predicted rental income, and maintenance and other expenditures. The resulting figure was used as a baseline for negotiations between the Housing Association and the local authority (Pawson and Mullins 2010: pp. 60-1).

In the first tranche of housing transfers, the price per dwelling ranged from £6,300 to £10,600, and total payments made by individual associations ranged from £14 million to £77 million (Department of the Environment 1992: p. 19). Financing was arranged by associations from banks and building societies, and by 2015 the cumulative gross transfer price paid by associations to English local authorities had reached £6.5 billion (Wilcox et al 2016: table 68a). Given that the resources received by local authorities could be used to finance investment in retained stock or for other purposes, these capital injections provided a strong incentive for local authorities to engage with this large-scale privatisation of the housing stock.[12] As

[11] See National Archives (1986).

[12] Beyond these privatisations, even where stock was retained by a local authority their level of influence was often reduced through the creation of Arms-Length Management Organisations (for additional detail, see

explained above, in addition to this material benefit to local authorities, central government benefited through the removal of existing and new Housing Association liabilities to private financial institutions from its balance sheet.[13]

Earlier sections of the paper established the function of public sector net debt practices as constituting material incentives the increase the attractiveness of privatisation as a course of actions for the UK government. The above paragraphs have demonstrated that a focus on these constituted incentive structures shaped policymakers' discussions over the privatisation of social housing from local authorities to Housing Associations. The constitutive power of the UK national debt accounting framework created the material incentive, and policymaker behaviour was shaped by this material incentive.

Conclusion

Through this study, we have used our interrogation of housing system transformation in the UK to explore the intersection of two prominent strands of Politics scholarship. On the one side, literature on the politics of accounting practices has long sought to clarify the modes and magnitude of power associated with formalised quantification of the social world. On the other, literature on state transformation has sought to clarify the forces that have contributed to the

Pawson 2006). Authorities can, however, play a significant role in shaping social housing provision through their oversight of planning processes (for additional detail, see Clegg and Farstad 2021, and Clegg 2021).

[13] As a post-script, the intersection of UK national debt practices and social housing provision again became prominent in 2015-17. The Conservative government's move to extend 'right to buy' (R2B) to Housing Association residents prompted the Office for National Statistics to alter the designation of Associations from private to public corporations (on account of the state's influence over Association operations, evidenced by the R2B extension). Under public sector net debt norms, with this re-designation, Associations' £67bn debts were added to the UK government debt stock. In the shadow of the Conservative government prioritisation of debt stabilisation, legislation was rapidly passed through parliament that shored-up the formal independence of Associations from government, thereby allowing the ONS to revert their designation to private corporations and therefore move their £67bn debt stock back off the government's balance sheet. For more detail, see Apps (2016) and Barratt (2017).

reshaping of institutional nexus. The headline message from the article is that the UK's atypical public sector net debt national debt accounting norms serve to privilege privatisation as a course of action for the government to take. These accounting norms create a situation in which the debt of a public corporation is folded into overall government debt; consequently, the transfer of an operation or function to a private corporation is accompanied by a removal of current and future debt from the government's balance sheet.[14]

In our analysis of these dynamics, we offer a refined theorisation of the relationship between accounting practices and material interest. By drawing on Barnett and Duvall (2005), we showed that studies of the politics of accounting practices often tend to foreground the power of accounting frameworks to constitute intersubjective understandings of an aspect of the social world (Broadbent and Guthrie 1992; Scott 1998; Hansen and Mühlen-Schulte 2012). Where material interests are considered, they are often positioned relationally to accounting practices; materially powerful actors use their influence to ensure that accounting frameworks are supportive of outcomes that cohere with their underlying interests (Uddin and Hopper 2001; Craig and Amernic 2006; Ding and Graham 2007), and materially powerful actors attach incentives that discipline those whose behaviour is being held to account (Van Waeyenberge 2009; Broome and Quirk 2015). Our refinement is to show that, with UK national debt practices, the accounting framework is positioned constitutively to material interests. In this case, the framework creates the material incentive that privileges privatisation. The new light shed by this theorisation and by supporting archival work also helps advance scholarship on state transformation. While this scholarship provides rich explorations of the structural conditions and ideological commitments that contributed to privatisation in the UK and beyond

[14] Beyond this accounting framework-driven impact on debt, government also stands to benefit from such a privatisation through a reduction of its budget deficit through the removal of the annual liability for an operational shortfall, and through the potential use of the windfall revenue from privatisation to pay-down wider debt stock or for other purposes.

(Gamble 1989; Bonefeld 1993; Cerny 1997; Evans 2006; Evans 2018), we show that accounting practices played a significant supporting role.

Accounting frameworks provide important nodes of power in politics. Indeed, the technocratic and apolitical appearance of accounting frameworks can extend the potency of their impact, causing observers to interpret the potentially partial and problematic vision they provide as a source of objective truth. Critical voices have long sought to unmask these ways in which government accounting practices systematically bestow privilege on particular groups and particular courses of action (Waring 1988; Scott 1998). In this spirit, through this paper we have interrogated the way in which UK government debt accounting practices served to systematically privilege privatisation, and support transformations in the national housing system that continue to reverberate today.

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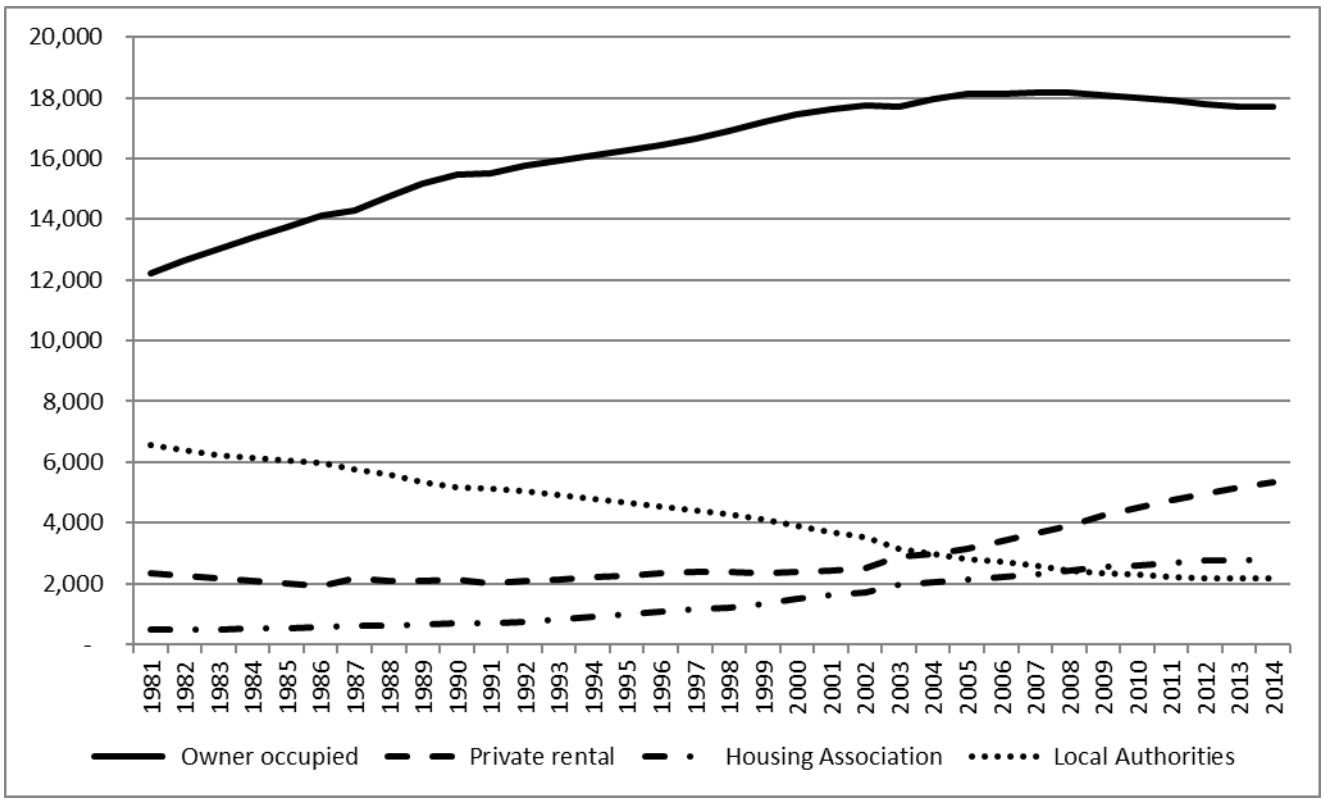
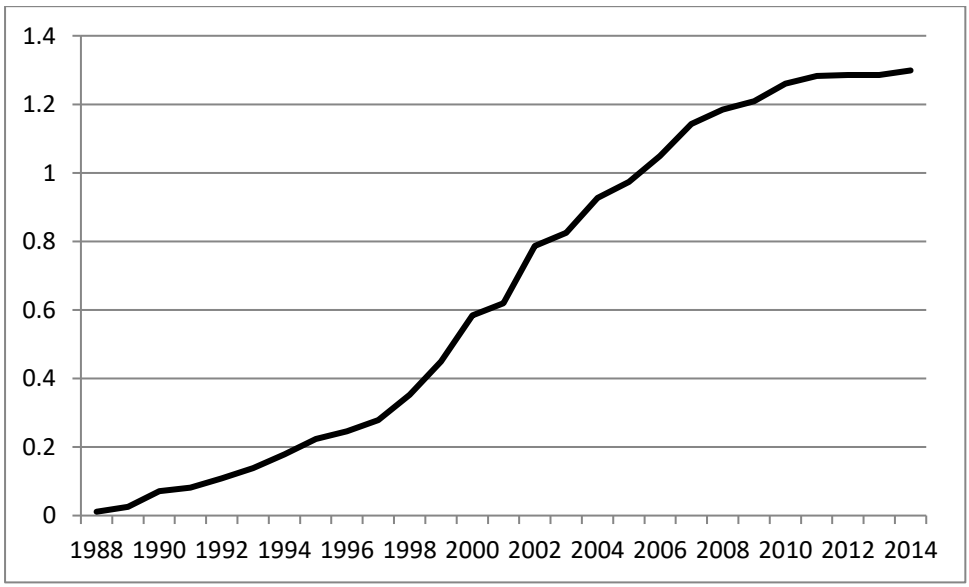
Figures

Figure 1: UK dwellings by tenure (thousands)



Source: DCLG Live Tables. DCLG Official Website, available at https://www.gov.uk/government/statistical-data-sets/live-tables-on-dwelling-stock-including-vacants. Accessed 14th March, 2017.

Figure 2: Cumulative local authority transfers to Housing Authorities (millions of units)



Source: DCLG Live Data Tables. HCA Official Website, available at https://www.gov.uk/government/statistical-data-sets/live-tables-on-social-housing-sales. Accessed 15th March, 2017.