INVESTIGATION OF THE SUCCESS OF PRIVATIZATION IN EDUCATION UNDER BLAIR’S GOVERNMENT 1997-2007

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Abstract

This article focuses on New Labour’s business ideology. It highlights, historically analyses, and develops substantive Marxist critical review, indicating that the Blair government’s education priorities [were] to embed capital—business priorities, business people—into the heart of the state education, providing relatively seamless continuity with the main thrust of the preceding Conservative regimes. The article reviews Blair’s Government policies and legislations about educational and training system and gives a brief analysis of the extent in which it succeeded will be presented. Also the role Privatization played in economic condition of UK will be discussed.

Since the emphasis of the government is still on this sector, so it is necessary to know if the government is in the direct path or not and it will face another Great Recession? Should quality of education be sacrificed to save business and keep private sector satisfied as Blair said in 1998: if the government does not give a proper response to the needs of globalization then it will be punished by the markets and either to adopt itself to the forces of globalization or it becomes isolated.

This study was a library-based research done on two dimensions. First, Sociological attitude and then Economical attitude have been analyzed.

It is concluded that Blairism both failed and succeeded as an ideological form, and as an ideological state apparatus (Althusser, 1971). In –educating the repressive educators,|| as it were, the main success of Blairism was in nurturing and deepening the conditions for private sector corporate power. It failed to curb corporate power where it was inefficient and weak, for instance, in relation to some private-sector takeovers of local education services and outsourcing initiatives. It helped private sector to increase and private sector helped the total economy to boost that means, Blair’s government achieved one of his goals.

Key Words: New Labour, Privatization, Blairism
Introduction:

This study focuses on New Labour’s business ideology. It highlights, historically analyses, and develops substantive Marxist critical review, indicating that the Blair government’s education priorities were to embed capital—business priorities, business people—into the heart of the state education, providing relatively seamless continuity with the main thrust of the preceding Conservative regimes. Indeed, reopening the issue for left progressives of the role of—centre left‖ governments that prove the most comfortable for capital accumulation was presaged, in recent historical perspective, by the broader shifts of the Harold Wilson and James Callaghan Labour governments during the 1960s and 1970s away from the welfare state capitalism of the post-1945 social democratic —statist‖ settlement. By the late 1970s, state schooling was to be connected more closely to human capital formation and local employer needs, while the 1980s saw Thatcherism and the emergence of reforms, whereby business practices began to penetrate deeply into state services, including formal education.

Part of the novelty of the —new‖ Labour was in redesigning the —partnerships‖ between national state, local state, and the voluntary sectors, kind of Blairism in governance. This study’s evaluation the role and achievements of Blairism draws on Marxist dialectical analysis to articulate the mutuality of state and capital, in which the state subordinates its role and policies to the overarching needs, in order to maintain the social, political, and cultural contexts for the contradictory contexts of capital accumulation. These developments are complex in historical reality, especially so in the face of globalisation and the deepening hegemony of neoliberalism, market forms, and privatisation at all levels of social relations, and their emergent products structuring and restructuring of those very social relations.

Considering the above points, this study tries to investigate —what was the role of privatization in higher education under Blair government?‖ It seeks to find whether the privatization policy helped to increase Education sector in England or not? And it was more beneficial for the business sector. (D. Corry, A. Valero and J. Van Reenen, 2011) The article reviews Blair's Government policies and legislations about educational and training system and reviews them and a brief analysis of the extent in which it succeeded will be presented. Also the role Privatization played in economic condition of UK will be discussed; Since Blair’s motto was to train highly skilled graduates to enrich England's economy since increasingly globalizing economy requires government to provide a highly skilled labour market with useful knowledge so that the country can be competitive enough to compete with other countries. (Khanmirzai, 2012).
The researcher believes that privatization helped to increase economy and increase the number of qualifiers but it didn’t help to have more educated or skillful qualifiers. The quality of education didn’t change.

Since the emphasis of the government is still on this sector, so it is necessary to know if the government is in the direct path or not and it will face another Great Recession? Should quality of education be sacrificed to save business and keep private sector satisfied as Blair said in 1998: if the government does not give a proper response to the needs of globalization then it will be punished by the markets and either to adopt itself to the forces of globalization or it becomes isolated.

**Materials and Methodology:**

This study was a library-based research done on two dimensions. First, Sociological attitude and then Economical attitude have been analyzed.

In the first part which is sociological attitude, the study reviews mainly education acts and legislations related to business and privatization. Through a Marxist critical review the study will analyse the extent of success or failure of employing privatisation in education.

Material is provided by reports of Department of for Education and Skills, figures provided by Higher Education Statistics Agency website, lectures by prominent figures like Blair are the main sources.

But in economical part of the study, it reviews economic performance of UK between 1997-2007. since aim of privatisation was to increase skills and activate business to boost total economic situation; it can be a good source to analyse the growth or decline of privatisation. Through analysing investment rate in each part-public sector (education) and private sector- and comparing it with their output.

Material in this part is mainly provided by Centre for Economic Performance, OECD website (www.OECD.org. Here the main focus is on figures and tables to see how mathematically speaking and in the world of logic, Blair government acted logically. Since it is supposed to act Globally (According to Dunning), it is compared with some other countries to see its success in caparison to those countries.

GDP per Hour, GDP per Labor and GVA (Gross Value Added) are main economical tools used in this study to analyze the efficiency this system.

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- \text{GVA + taxes-subsidies = GDP}
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A. Social:

What is to be considered here is the fact that Blair’s educational policies are nothing but endless efforts to put capital and business as the core of education. Although Blair is more famous for that, but it is traced back to the previous government and times of Thatcher (in ministry of education) and Wilson which experimented integration of organized business with organized labor into an agreement on the issues like pay to issues like local training strategies. What made the relationship between local employers and school was James Callaghan argument in 1970s that Britain’s economic problems are caused by the failure in education to meet needs of business.

Although after 1979, conservatives were not interested in corporatism, but they looked to find new ways of utilizing business interests to help reforms in state services. In this regard conservatives were more interested in how business can help state services and not vice versa, I mean welfare service in the aid of business. The key point for them was to marketwise public services hoping it might increase efficiency, quality, and choice. (Culter and Waine, 1998). since state monopolies will not accept market disciplines, this sector is considered to lack ability and efficiency to respond challenges facing welfare state. Managerialism—the imposition of market —values,‖ such as entrepreneurialism, risk taking, and customer-oriented focus, into public services—constituted an important part of the Conservative’s programmes (Clarke and Newman, 1997; Cutler and Waine, 1998).

Towards the end, successive Conservative governments sought to remove locally elected representatives from the public services and replace them with business people (Peck, 1995).

Presence in the Training and Enterprise Councils (TECs), and key roles on the boards of local education authorities (LEAs), grant-maintained schools, city technology colleges (CTCs), and Further Education colleges were quango bodies guaranteed by senior business people. Meanwhile by the return of labour government in 1997 more effort was made to bring business people into various education services.

**New labour, business, and education policy**

New labour’s third way approach is in the same path as was the conservatives strategies regarding education in putting solutions to problems in state services that went beyond traditional statism. in contrasts to the left which focused on the state as superior mechanism to manage and deliver welfare services in comparison to private and voluntary provision, new labour’s third way emphasize on all the three sectors‖ in a partnership for new age‖ (Blair & Shroeder, 1999; Department of Social Security, 1998, p. 19).
But when it comes to practice we can see engagement of the government with institutionalized forms of capital-business people, business representation, and firms. It was against what Blair Government claimed to put into practice—what works‖, not using policies which are based on ideology. In fact we can see that private sector solutions have been pursued and when facing problems rooted in private sector, they were simply ignored.

Business ideas, business people and private capital were much rooted in education under labor government than in previous conservative government. As Falvoner and McLaughlin(2000,p.1222) put it:
―A clear distinguishing feature of —New Labour,— as opposed to —Old Labour,— is the nature of its posture toward the private sector. A political party which once held firmly to the view that the State should play a leading role in the workings of the nation's economy now promotes the belief that very little can be achieved in government without the active support of business.—‖

Structural imperatives and the needs of capital

According to Marx, dialectical mutual dependence of business and state is a major theme. Marx in his communist manifesto said state manages the general affairs of the capitalist class. It means that states act to satisfy and meet the systematic needs of the capital in relation to its viability in the face of in-build contradictions as a mode of production. Base-superstructure in Marx’s view describes a structural functional relationship in which state relies on the growth of revenues which increases due to economic activity and on the other hand reproduction of the economic base is dependent on state intervention within the superstructure.(Wetherly, 2005) At the most basic level, therefore, the capitalist state must deliver services that help to promote economic accumulation, and put in place measures to control challenges and threats to capital relations of production (Miliband, 1969; Gough 1979).

To put it in a nutshell, capitalist state and labour depends on each other and it is mutual relationship to fulfil —needs‖: state for tax revenues and labour for wages. (Offe & Ronge, 1984)

Firms facing increasable investment options caused economic globalization increase the dependence of the state and labour on capital. Meanwhile the political globalization puts business and its interests above as the first priority and reinforces position of national capitals. (Farnsworth, 2004; Korten, 1995; Sklair, 2001).It leads to increase in hegemonic power of capital, creating a political environment that business interests, preferences and ideas became natural order of things.
This corporate power made states to act according to the sill of large corporations. As Blair puts in 1995 and 1999:
The determining context of economic policy is the new global market. That imposes huge limitations of a practical nature . . . on macroeconomic policies. (*Financial Times*, 22 May 1995) If the markets don’t like your policies, they will punish you. (Tony Blair, speech to the Economic Club, Chicago, 23 April 1999)

Business, for its part, has also wasted few opportunities to remind governments of the situation. The Director General of the Confederation of British Industry (CBI) used the occasion of the run-up to the 2001 general election to point out the dangers:
Nobody can afford to ignore the shift towards a more globally competitive world in which investors and companies are extremely mobile. Any government must create an environment that not only attracts business but also encourages companies to stay (Digby Jones, *Business Manifesto*, 2000).
Government did what it could to strengthen the business part even by increasing business's graduates to enrich this sector. If you compare it with other sectors, it is clear where UK policies cared more. But it wasn't enough to compete with international market and retaliate the pressures.

These pressures forced the government to respond by reframing British education policy to be fitted with competitive international markets meet the needs of capital in global economy. It means that globalization increased structural power of capital and that is what made Blair to respond directly. Labour began engineering and rebuilding a more corporate-centred educational provision which emphasized to meet generic and specific needs of employers (Hatcher & Hirtt, 1999) to make UK business more powerful and attract foreign investment. This approach led out clearly in 1998.
The most productive investment will be linked to the best educated and best trained workforces, and the most effective way of getting and keeping a job will be to have the skills needed by employers. (DfEE, 1998, p. 10)

One strategy to reach this goal was to ask key business people report the needs of business and how they could be better met. Howard Davies, former Director General of the Confederation of British Industry (CBI) and subsequent head of the Financial Services Authority and the London School of Economics, was commissioned to investigate how business school linkages could be increased (Davies, 2002). The CBI has been trying to put stronger links between schools and local employers. (Farnsworth, 1998). Richard Lambert, former editor of the Financial Times, in his review of Higher Education in 2003 said that universities and researchers should spend much more proportion of their research outputs and budgets to steering provision towards the needs of business and the economy (HMSO, 2003).

In the same year, the government tried to seek the needs of local employers and meet their needs (Adburgham, 1997) thorough promoting more vocational training in schools. It released its white paper on skills. It promised to —test new ways of engaging employers in the learning of 14–19 [yearolds]|| in order to —deliver a comprehensive range of vocational and practical opportunities in ways that suit the needs of local employers|| (DfES, 2003, p. 78), adding that —we must make colleges and training providers more responsive to employers' and learners’ needs|| (DfES, 2003: foreword).

Role of the Higher Education Funding Council for England (HEFCE) was redefined in order to make it —more responsive to the needs of business and industry,|| and the government established the Higher Education Research Development Fund (HERDF) and the Higher Education Reach Out to Business and the Community (HEROBC) initiatives in 1998 and 1999, respectively, in order to channel over £100 million into those universities that promised to enhance the relevance of programmes of teaching and research to the needs of employers and the economy.

Blair brought some economical structural imperatives when he held the office: education would help boost the economy, and a reformed education sector would help to pay for increased public expenditure elsewhere. It wasn’t by itself so controversial, but it comes to be problematic when education is supposed to serve business and service the needs of it. When knowledgeable workers are requited in factories, the only common —need|| is the fact that they should be constituted as labour power and —exploitable||. Changes in production methods and local economics show the danger of trying to gear provision towards employers. Inviting local employers to policy making is also dangerous. Business people will automatically and naturally make decisions in their own interests and it would
harm the other competitor firms and will finally lead to conflict and chaos. This danger is mentioned in The Economist in 2003 as follow:
The job of a chief executive is to make profits for his (sic) company and, no doubt, feather his own nest; it is not to make public interests will be greatest. Inviting him to help his industry is sure to divert public policy to private ends. This is not the fault of executives or their companies; it is the fault of government. (The Economist, 26 June 2003)

Business approaches are not free from its environment. It is dependent on environment. Business opinions are often short-termist, influenced heavily by big business and centre on particular company interest in a specific period.

Seeking of company’s own interest and self-interest was only one problem Blair faced. Another problem was the apathy among business community towards small-scale investment like the governance of schools which will bring few benefits. So government’s attempts t attract business community was not so successful.

As a result Labour whole premise was that it is possible to know business needs, flawed. It was not even possible to have a clear perspective from national representative of business.

The Attractiveness of Private Funding Streams

By the entering of business into education, the hope of new funding streams for educational priorities. It is important because it meant more tax on income and profit through globalization. Accordingly the government tried to guide private sector to academies and specialist schools. The academies had to raise around £2 million from the private sector, and specialist schools initially had to raise £100,000 (although this was later reduced to £50,000), with the business community contributing at least £250,000 to each Education Action Zone (EAZ).

There was a hesitance on the private sector part to become more involved in education, since there were no immediate returns. The same story happened Conservative government tried to raise corporate sponsorship for city technology colleges (CTCs).

According to government’s own figures, the average cash donations from business to the various EAZs amounted to less than £110,000 in 2001, and just 12 of the 73 EAZs that were launched between 1999 and 2001 had successfully raised the expected £250,000 per year from business (DfES, 2001, p. 23).

Even raising the necessary money for the development of city academies and specialist schools was really difficult. In order to show a progress ha happened and provide a boost for their project, the government had to reduce the amount that specialist schools had to
raise from the private sector, from £100,000 to £50,000, and it set up a Partnership Fund in September 2002 to help the schools couldn’t reach with target. Consequently, government ignores its requirement that said city academies should raise £2 million in private sponsorship and change it to an undertaking on behalf of the private sector to demonstrate the —skills and leadership‖ to run an academy. (DCSF, 2009).

Labour hoped companies will get involved in educational serviced to be known as —responsible citizen‖ or shape local provision. In real world it didn’t happen and few large companies which could afford investing in public-private partnerships (PPPs) with limited financial gains attended. They hoped of gaining some benefits from —soft marketing‖. In the second round of labour government, they faced a reductive interest of joining such partnerships, Even amongst companies that had responded to calls for support in the past, there were growing signs of impatience at the level of financial support being sought, leading to —partnership-fatigue‖ for many businesses and business people (Davies, 2002, p. 175).

There was increasing frustration among private sector companies. They claimed appeals for business representation and private sector funding will not lead to a better and greater business influence.

As one senior businessman put:
Business is constantly asked to fork out because that’s what they (schools) want in the end; they want resources. . . . We’ve had five or six schools come to us because they need match funding to become specialist schools, and when you (say) we haven’t got the money, but how else can we help you . . . it starts off okay in theory but when you get to the crunch point it’s money they want. And that’s just too much. We do put a lot of money into the system but there’s not a bottomless bucket. (Cited in Farnsworth, 2004, p. 144)

The government made another step by expanding the Private Finance Initiative (PFI). According to (PFI) and (PPPs) private companies agree build and maintain schools and the government promised to lease private companies for a period of time, usually more than 30 years.

PFI and similar initiatives have been criticised on a number of grounds. First the fact that it is required that projects should generate high returns for investors and its long lock in led to the criticism that they are inefficient, expensive and risky to fund new investment. Also one of the key justifications for PFI was under question. The government claimed that it facilitated additional investment that would otherwise not have been available. This claim was in fact undermined by the lowering of public borrowing beginning in 1997, and by the introduction of the new —Golden Rule‖ by the Treasury, which facilitated greater
borrowing for investment. As a result of these changes, the Treasury Select Committee concluded in 2000 that:

When the aim was to reduce the Public Sector Borrowing Requirement, particularly when there was a large deficit, PFI was an attractive means of increasing investment. However, the new fiscal framework has made it easier to provide publicly-funded investment, because such investment has no effect on the golden rule [where the government limits borrowing to fund investment], and could be increased significantly without breaching the 40 per cent limit on the debt ratio. In the new framework, the case for PFI as a means of obtaining extra investment is very much weaker. The main justification should now be the prospect of obtaining better value for money. (Treasury Select Committee, 2000 Paragraph 23)

The Blair government expanded PFI rapidly without properly evaluating its relative merits, according to its critics (Pollock, 2004; Pollock, Shaoul J., Rowland D., & Player S., 2001). The details of the major PFI deals were often shrouded in secrecy, with —market-sensitive‖ information commonly withheld from the public gaze, which prevented proper public scrutiny (Gosling, 2004). Research commissioned by the Association of Chartered Certified Accountants (ACCA, 2004) criticised the financial accounting practices of the Treasury and the contractors involved in PFI projects for lacking an adequate level of transparency —necessary to measure the financial performance of the contracts.||

An Audit Commission report concluded in 2003, for example, that PFI schools were —statistically speaking, significantly worse than that of the traditionally funded sample on four of the five matrices‖ (Audit Commission, 2003, p. 13). those matrices in which we assed according to include scores for the costs, upkeep, space, storage, and finally —enjoyment‖ of new builds.

Also in a report in contrast to the justification of the government for PFI, we have:‖ —no evidence that PFI schemes delivered schools more quickly than projects funded by more traditional ways‖ (ibid, p. 21)

The last problem in relying on private sector finance is that in key services like education we cannot let it fail. Here, collapse means the collapse of government and it is vital.

**The Perceived Strength of the Private Sector**

Blair believed that in order to solve problems within public service he should use business actors, hoping it will bring innovation, entrepreneurialism, efficiency, and customer orientation to education. To prepare the grounds for this dream to come true, new labour put business people in power, from highest levels of government down to individual services, and let them t to make strategic decision-making roles.
An indication of the government’s intention to take business people to failing services came in 1998 with the introduction of the Education Action Zones initiatives. It said that local firms will take over groups of failing schools, even independently of local authorities if needed to find solutions for why LEAs failed. (Dickson, Germitz, Halpin, Power, & Whitty, 2002, p. 185). Blair tried to formalise business inputs into state services by expansion of specialist schools which was introduced before as city technology colleges by conservatives in 1994 and launch of city academies in 2000 hoping it would —bring a new focus and sharpness‖ (Dfee, 2000, p. 4).

Government tried hard to make business presence where it was weak before, so it is clear that the government do little to weaken business where it has now a strong voice. Labour government had been critical, of the fact that it was under the dominance of business and other elite interests on the management boards of Training and Enterprise Councils (TECs), but Labour’s replacement of them by the Learning and Skills Councils (LSCs) was designed to —give employers unprecedented influence over the education system and promote a better match between demand and supply for skills‖ (Dfes, 1999, p. 10). Although trade unions and locally elected constituencies were represented on the executive body of the new LSC, employers have retained a dominant voice. Of the 15 members of the LSC’s National Council in 2005, six had held senior roles in business, including: Digby Jones, Director General of the CBI; the Chief Executive of ATL Telecom; the former Managing Director of Coca Cola Great Britain; and a former Finance Director for BT. The rest of the members were made up of various educationalists and government workers, along with the Deputy General Secretary of the TUC. The vast majority of the local LSC Chairs and Executives are also occupied by senior business people (Learning and Skills Council, Who’s Who, 2002/3).

The main problem lies in the fact that although government advocates business presence in the governing structure of schools, but what exactly the government expects them to contribute is vague. So they are uncertain about their role and what are they expected to fulfil, and many are unable to speak for the business community (BiiC, 2002; IiE, 1995, p. 6), since it may increase the risk of talking for the benefits of their own business. . In their examination of the EAZs, for example, Dickson et al. (2002) found that the private sector contributed relatively little—either by way of innovative ideas or additional resources—to the improvement of local education, casting doubts on Labour’s continuing optimism that business has —the willingness, energy, creativity or know-how‖ to radically transform education and other services (Dickson et al., 2002, p. 195). Also noteworthy here is that, in cases where the private sector has assumed a greater role in the delivery of educational
services, senior management posts were predominantly filled by former public-sector workers rather than private-sector —gurus.||

Regarding the impact of private-sector involvement in service delivery, the evidence is rather mixed. In 2007 the Chief Inspector for OfSTED stated that the academy and specialist school initiatives had not improved standards overall (BBC, 2007). Even the government’s own evaluations reported that, of the nine LEAs that had been forced to hand over services to the private sector, a majority were rated as —poor improvers,|| while a minority (10 out of 15) were rated as —good improvers|| (Slater, 2003). Several of the private companies that took over LEA functions subsequently faced heavy penalties for failing to make improvements as set out in their contracts. Cambridge Education Associates (CEA) faced annual fines between 2000 and 2004 for failing to meet its agreed targets in Islington (Clement, 2004: 8), and SERCO, the company running educational services in Bradford, failed to meet 47 out of 52 targets in 2002, the first year of its contract. The perverse response to this failure by Islington and Bradford Local Authorities was to adjust the targets downwards (ibid.). At the same time, SERCO asked the government for additional support to help make the improvements that were supposed to result from private-sector engagement. Ultimately, of course, private-sector successes result in high financial fees; but if they fail, the government ultimately has to pick up the pieces, as happened when WS Atkins unilaterally decided to terminate its contract to run educational services in Southwark, at a cost of at least £2.2 million to the government. (Toolis, 2003)

In 2005 Confederation of British Industry defended business involvement in education by publishing evidence which says that —privatised|| LEAs had outperformed publically run LEAs between 2000 and 2004 (CBI, 2005a). Director General of the CBI of the time and later, a Labour Minister with a seat in the House of Lords, Digby Jones said that —where the government has intervened directly using the private sector, standards have improved markedly||[CBI.2005, p5] and as a result educational standards had been —driven up||[(CBI,2005a,forward).]

According to the report done by CBI, on the basis of —success||, public sector outperformed the private sector. (Farnsworth, 2006) this report has 4 key findings. First, it was done between 2000 to 2004 and it said outsourced authorities outperformed the nonoutsourced authorities. But none of these outsourced authorities were managed by private sector in this period. So, many of the —improvement —mentioned by CBI were made while there were still managed by public sector. Second, matter of the starting point. Key reason is that it is easier for poorly performing authorities to gain rapid growth than it is for better performing authorities. Third, , the majority of the top performing authorities during this period, taking into account starting point, were publically run LEAs. Fourth, as the
performance of the outsourced authorities moved closer to the mean, their apparent successes have tended to diminish. However, these findings do question the necessity and wisdom of the government’s strategy of bringing the private sector in to rescue failing LEAs.

Finally what worth mentioning is that Blair failed to see strengths of the public sector. The predisposition was that private sector and bringing business into state services and education was a positive sum game that is it would have bring positive effects and few, if any, negative effects.

At the most basic level, the welfare state was established precisely because the private sector fails to provide public goods efficiently and equitably. As a key public good, education provision should be based on need rather than ability to pay. It should also be provided for noneconomic reasons—i.e., education fulfils basic needs that should be satisfied independently of the economic benefits (I. Gough, 2000, Introduction). Incorporating narrower private-sector values into the welfare state risks undermining the noneconomic functions of education and the “ethos‖ of the public sector (Grimshaw et al., 2002, p. 480).

**B-Economic:**

The growth of GDP was faster in UK when compare it to France, Germany, Italy, Japan between 1997-2010.it lead to the fact that economic performance was strong under labor government. Growth in GDP per capita was due the growth in productivity(GDP per hour).productivity is a tool to measure business performance and that is what determines the amount of—economic pie‖ available to citizens.

That productivity performance was in fact following the previous policies administered by conservatives from 1979.between 1870 to 1979, GDP per person was lower than countries like Germany, US, and franc but for next decades it reversed.
Notes: Analysis based on OECD data. GDP is US$, constant prices, constant PPPs, OECD base year (2005). Adults refer to the population over 16, for which data is sourced from US Bureau of Labour Force Statistics (working age adults) series. Data for Unified Germany from 1991. For each country the logged series is set to zero in 1997, so the level of the line in any year indicates the cumulative growth rate (e.g. a value of 0.1 in 2001 indicates that the series has grown by exp(0.1)-1=11% between 1997 and 2001). The steeper the slope of the line, the faster growth has been over that period.

In the recent 30 years, UK got better GDP than other countries under labour government. Reason for this improvement was getting the environment market right: strong product market competition, openness to foreign investment, flexible labour markets, a robust welfare to work system and smart regulation are major factors in promoting growth. Government has a role in all of this, setting the rules, and it also needs to be pro-active in building human capital and infrastructure and supporting innovation. (D. Corry, A. Valero and J. Van Reenen, 2011)

Data by OECD compares output, employment hours and some other elements important in economic performance. The table below shows between 1997-2010 UK GDP was second and after US. But for people and determining wages and consumption what matters is national income rather than absolute economic growth.
Output per capita can be divided into different parts: productivity which equals to output per labour input and labour input per capita (which is a measure of labour market performance). To measure labour input we can use two measurements: the first one is number of workers and the second one is total hours worked. This categorization allows us to determine how much of a country's growth performance is due to working —smarter‖ (i.e. productivity gains) versus working —harder‖ (higher employment rates or hours per average adult).

It can be said that GDP per capita is divided into productivity growth and labour market performance. To put it in a formula, GDP per capita = GDP per employee (productivity) x employees per capita (the employment rate). In other words, GDP per capita = GDP per hour x hours per capita.

In Figure 2 measure of productivity is considered to be as the first division of GDP. It can be inferred from the figure that between 1997 to 2007 the growth of employment rate in UK is equals to what it is in France and Germany. We can infer that employment rate goes higher from 1997.
Figure 2: Trends in real GDP per worker and employment per capita (adult) relative to 1997
Panel A: GDP per employee, Panel B: Employment per capita

Note: Analysis based on OECD data (extracted on 23 Oct 2011 from OECD.Stat). GDP is US$, constant prices, constant PPPs. OECD base year (2005) from GDP database. Employment data from OECD productivity database. Adult refer to “working age adults”, obtained from US Bureau of Labour Force Statistics, and includes the civilian non-institutional population aged over 16. Data for Unified Germany from 1991. Workers are all persons engaged. For each country the logged series is set to zero in 1997, so the level of the line in any year indicates the cumulative growth rate (e.g. a value of 0.1 in 2001 indicates that the series has grown by exp (0.1) = 11% between 1997 and 2001). The steeper the slope of the line, the faster growth has been over that period.
To analyse growth, we can either use quantity and quality of capital of labour as contributions of the "factor inputs" to growth or look at what various industries contribute to aggregate productivity performance of UK. The overall labour productivity growth stays the same within labour or conservative government but its composition—human capital and ICT changed. This was reason for more productivity performance and as a result low tech capital became less important and its overall efficiency growth or $\text{TFP}(-\text{total factor productivity})$ remained about 1%. In other words, $\text{Decomposing}$
growth into factor inputs: The growing importance of skills and computer technologies” (D. Corry, A. Valero and J. Van Reenen, 2011)

In order to show the growth in public admin, education and health, Gross Value Added is used as our measure of output.

**Figure 4: Sector shares of total economy GVA**

In this figure we see that financial intermediation remains 6% of aggregate value added in both periods and public sector (public admin, education and health) remains 18% under both governments. But by looking at business sector we see it changes from 7% under conservatives to 13% in labour government.

*Notes:* Data: EU KLEMS. EU represents all EU-15 countries for which growth accounting could be performed, i.e. AUT, BEL, DNK, ESP, FIN, FRA, GER, ITA, NLD & UK. Data for France and the EU are available from 1981 onwards. Market economy only.
Table 2: Decomposition of growth in value added, market economy

|----------------------|--------------------|--------------------|--------------------|----------
| 1 Market economy output | 2.3                | 2.1                | 3.2                | 1.8      |
| 2 (2+3) Hours worked  | 3.2                | 2.5                | 3.4                | 2.6      |
| 3 Labour productivity | -0.4               | -0.2               | 0.9                | -0.4     |
| (4+5+6+7)            | 0.4                | 0.5                | 0.5                | 0.4      |
| 4 Contributions from Labour | 2.7                | 2.3                | 2.2                | 2.2      |
| 5 Composition ICT    | 2.8                | 2.0                | 2.9                | 2.2      |
| 6 Capital per hour   | 0.3                | 0.3                | 0.2                | 0.4      |
| 7 Non ICT capital per hour | 0.5                | 0.2                | 0.3                | 0.3      |
| 8 Labour composition | 0.6                | 0.4                | 0.8                | 0.3      |

Note: Data: EU KLEMS. EU represents all EU-15 countries for which growth accounting could be performed, i.e. AUT, BEL, DNK, ESP, FIN, FRA, GER, ITA, NLD & UK. Data for France and EU are available from 1981 onwards.

Figure 5: Sources of labour productivity growth, market economy

The above table shows that contribution of ―knowledge economy‖ (labour composition, ICT capital and TFP) has increased from 2 to 2.3 % and it is clear in the figure 5 that in the UK between 1997 to 2007 had more productivity growth.
UK output growth in non-market sectors was greater under labour government than conservatives, but labour productivity fell from 0.6% to zero.

Table 3: Decomposition of growth in value added: public administration, education and health

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Output</td>
<td>0.9 1.5</td>
<td>1.8 1.5</td>
<td>1.4 1.7</td>
<td>2.2 0.8</td>
</tr>
<tr>
<td>(2+3)</td>
<td>0.3 1.5</td>
<td>0.8 0.8</td>
<td>1.5 1.4</td>
<td>1.0 0.4</td>
</tr>
<tr>
<td>Hours</td>
<td>0.6 0.0</td>
<td>1.0 0.7</td>
<td>-0.1 0.3</td>
<td>1.2 0.4</td>
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<tr>
<td>worked</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Labour productivity (4+5+6+7)</td>
<td>0.6 0.6</td>
<td>0.3 0.3</td>
<td>0.3 0.3</td>
<td>0.4 0.2</td>
</tr>
<tr>
<td>Contributions</td>
<td>0.2 0.1</td>
<td>0.3 0.3</td>
<td>0.6 0.5</td>
<td>0.3 0.3</td>
</tr>
<tr>
<td>from Labour</td>
<td>-0.5 -0.9</td>
<td>0.2 -0.1</td>
<td>-1.4 -0.9</td>
<td>0.4 -0.2</td>
</tr>
</tbody>
</table>

Notes: Data: EU KLEMS. EU represents all EU-15 countries for which growth accounting could be performed i.e. AUT, BEL, DNK, ESP, FIN, FRA, GER, ITA, NLD & UK. Data for France and EU are available from 198 onwards.

Figure 8: Total economy investment as a share of GVA (%)

Notes: OECD STAN database. Investment intensity is calculated as the ratio of gross fixed capital formation value added.

As the figure above explicitly shows, though Blair tried to increase investment, but he didn't gain much. But it is interesting to know that UK's first priority for the investment
was always real estate, renting and business activities. But after that it carried among agriculture, hunting, forestry and fishing with transport, storage & communications or community, social & other personal services in which the last one was UK’s second priority due to Blair’s great effort to attract business and investment to this part.

Between 1995 and 2007, public investment on education increased from 5% to 5.4% of GDP and since 1997 annual growth of 3.2% in tertiary schools happened, i.e. educated adults rose from 32% to 33%.

**Table 4: Public expenditure on education as a percentage of total GDP (% total public expenditure)**

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<thead>
<tr>
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<tbody>
<tr>
<td>UK</td>
<td>5.0 (11.4)</td>
<td>4.3 (11.0)</td>
<td>5.4 (11.7)</td>
</tr>
<tr>
<td>US</td>
<td>4.7 (12.6)</td>
<td>4.9 (14.4)</td>
<td>5.3 (14.1)</td>
</tr>
<tr>
<td>Germany</td>
<td>4.6 (8.5)</td>
<td>4.4 (9.8)</td>
<td>4.5 (10.3)</td>
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<tr>
<td>France</td>
<td>6.3 (11)</td>
<td>6.0 (12.5)</td>
<td>5.6 (12.5)</td>
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</tbody>
</table>

*Notes: Expenditure on educational institutions as a percentage of GDP, reproduced from IPPR (Lent and Nash, 2011) based on OECD Education at a glance data. Note that public expenditure presented here includes subsidies to households for living costs (scholarships and grants to students/households and students loans).*

**Table 5: Percentage of 25-64 year old population by educational level**

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<th>1997</th>
<th>1999</th>
<th>2001</th>
<th>2003</th>
<th>2005</th>
<th>2007</th>
<th>2008</th>
<th>growth UK</th>
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<tbody>
<tr>
<td>Below upper secondary</td>
<td>41</td>
<td>40</td>
<td>38</td>
<td>37</td>
<td>37</td>
<td>36</td>
<td>35</td>
<td>34</td>
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<tr>
<td>Upper secondary and post-secondary non-tertiary</td>
<td>37</td>
<td>36</td>
<td>37</td>
<td>37</td>
<td>37</td>
<td>37</td>
<td>37</td>
<td>37</td>
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<tr>
<td>Tertiary education</td>
<td>23</td>
<td>24</td>
<td>23</td>
<td>26</td>
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<th>growth UK</th>
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<tr>
<td>Below upper secondary</td>
<td>14</td>
<td>14</td>
<td>13</td>
<td>13</td>
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<td>12</td>
<td>12</td>
<td>12</td>
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<tr>
<td>Upper secondary and post-secondary non-tertiary</td>
<td>52</td>
<td>52</td>
<td>51</td>
<td>51</td>
<td>50</td>
<td>49</td>
<td>49</td>
<td>49</td>
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<th>growth UK</th>
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<tbody>
<tr>
<td>Below upper secondary</td>
<td>17</td>
<td>16</td>
<td>18</td>
<td>17</td>
<td>17</td>
<td>17</td>
<td>17</td>
<td>17</td>
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<tr>
<td>Upper secondary and post-secondary non-tertiary</td>
<td>61</td>
<td>61</td>
<td>58</td>
<td>58</td>
<td>59</td>
<td>60</td>
<td>59</td>
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<tr>
<td>Upper secondary and post-secondary non-tertiary</td>
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<tr>
<td>Tertiary education</td>
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But the government acted poorly regarding upper secondary and post secondary, non tertiary education(tends to vocational courses) with only 37% of 25-64 year olds in this educational level and this number stayed fix and constant for a long time. And about below
upper secondary education is 30% which was 41% in 1997, with annual rate of 2.7%, faster than other compared countries.

UK is not well known as a successful country dealing with apprenticeships and vocational skills compared to some European countries like Germany, Austria and Switzerland.(Steedman,2010)

**Human capital**

Direct effect of education and skills on productivity and raising the quality of labour input has been proved by hundreds of studies,(e.g. Sianesi and Van Reenen(2003)) it can help even if there be —spillovers‖;by helping others to learn, reducing the crime rate and innovation according to modern growth theory.

In addition to universities and increase in number of educated people, there was also increase in schooling years and schooling age which goes to 18 due to some policies like Education Maintenance Allowance(EMA).EMA help people with low income stay on, because they are susceptible to leave.

UK higher education is among the best in the world. In different rankings, we can see UK universities among the top ten specially Oxford and Cambridge.

Higher Education has some economic functions. First of all is supply of high quality human capital. It leaded to increase in the proportion of people with a college degree since 1997.the second function is increase in the number of innovations from science to industry.Uk produces over 14% of highly cited scientific publications though it has 1% of the world’s population. The third function is it acts as an export industry. It has an active market of overseas students especially after 9/11 when USA restricted its Visa policies. Presence of about 3.3 million overseas students proves the strength of this market. These students could be worth £5bn to the UK in tuition fees alone if we can maintain our market share (McKinsey, 2010).

Another reason for UK success was high degree of autonomy research-based universities; it accompanied state withdrawal of giving subsidies to universities in which caused to increase in fees.

**Conclusion: Increased Corporate Power**

When Blair came to Power and was elected as prime minister, he promised evidenced-based reforms and policy agenda informs by —what works‖ rather than by ideology. But
what we saw in practice was an almost dogmatic approach that has undervalued public sector and overvalued private one.

Under labour government, there was a concerted effort to drive education forward on the basis of business’ needs without having any idea of what those needs are. Whilst New Labour has been able to identify problems within the public sector, it has been both blind to the failings of the private sector and naive in its approach to business. It has failed to demonstrate a clear understanding of what motivates business interests, informs business views, and influences levels of business involvement in social policy.

And what of Blair’s legacy? Despite the problems highlighted above, Gordon Brown has continued to place business centre stage in a whole range of reforms. This isn’t surprising given that, during the Blair years, it was often Brown who led the way on initiatives to engage the private sector in education. It was telling that one of Brown’s first acts as Prime Minister was to establish senior government posts for several prominent businessmen (*sic*), including Digby Jones and Johan Eliasch, Chairman of the Head sportswear corporation. Few of the lessons of the past have been learned. After a decade of reforms that looked to the private sector to rescue public services from failure, the state has had to come to the rescue of a private sector in crisis to the tune of billions of pounds. This crisis has, if nothing else exposed the folly and risks of business-led education reforms.

Blairism both failed and succeeded as an ideological form, and as an ideological state apparatus (Althusser, 1971). In —educating the repressive educators,|| as it were, the main success of Blairism was in nurturing and deepening the conditions for private sector corporate power. It failed to curb corporate power where it was inefficient and weak, for instance, in relation to some private-sector takeovers of local education services and outsourcing initiatives. It helped private sector to increase and private sector helped the total economy to boost that means, Blair’s government achieved one of his goals.

**References**


