This is a pre-copy edited version of Chapter 11 of *Anti-Politics, Depoliticization and Governance*, ed. Paul Fawcett, Matthew Flinders, Matthew Wood and Colin Hay, Oxford University Press, 2016. For more information visit: https://global.oup.com/academic/product/anti-politics-depoliticization-and-governance-9780198748977

Towards a Political Economy of Depoliticization Strategies

Help to Buy, the Office for Budget Responsibility, and the UK Growth Model

Craig Berry and Scott Lavery

Introduction

Although this volume clearly attests to the diverse and highly sophisticated ways in which 'depoliticization' is applied as an analytical concept, its contents appear not to significantly disrupt—and may even reinforce—one of the major flaws of the existing literature on depoliticization. Our contention is that the use of depoliticization as an analytical framework has led too crudely to research that seeks to place instances of institutional reform on a spectrum ranging from politicized/politicizing to depoliticized/depoliticizing or, alternatively, to categorize different 'types' of depoliticization processes or outcomes. Although this has generated novel empirical contributions at a surface level, this chapter argues that too often such approaches can miss the deeper structural context within which (de)politicization processes take place and, in particular, the way in which depoliticization strategies are embedded within distinctively capitalist forms of social organization. This chapter advance an alternative approach—grounded in the critical political economy tradition—which

emphasizes how depoliticization strategies are characteristically used as an institutional or discursive tool to embed and shore up dominant models of economic growth.

There is a certain irony here. Recent scholarly interest in depoliticization was, to a large extent, initiated within political economy—in particular, insofar as it drew on the work of Peter Burnham (1999, 2001, 2014). However, while many scholars have drawn on Burnham's definition of depoliticization (Diamond 2015; Flinders and Buller 2006; Kuzemko 2014), the wider 'open Marxist' theory of capitalist social relations from which this theory emerged has been largely neglected in the literature. Burnham's approach analytically privileges—correctly, in our view—the relation between labour, the state, and capital accumulation. As such, this chapter broadly accepts his now-paradigmatic conception of depoliticization as a mode of statecraft that seeks to place economic decision-making 'at one remove' from democratically elected politicians to effectively enhance the power of state managers to implement potentially difficult economic policies (Burnham 2001). However, this chapter argues that to further develop a political economy of depoliticization, it is necessary to offer a critical reappraisal of Burnham's schema. Burnham's original approach is placed at a high level of abstraction and attempts to 'read off' complex institutional dynamics from the requirements of the 'circuit of capital' (Burnham 2010). This chapter argues that this fails to acknowledge the key role that 'extra-economic' institutions play in the organization and stabilization of capital accumulation over time. These institutional forms cannot simply be reduced to the capital relation. Rather, the relative autonomy of extra-economic institutions from the logic of the capital relation—in particular, the capacity of leading social forces to pursue particular accumulation strategies and hegemonic projects within a given conjuncture—creates a space of contingency within which alternative economic strategies and state projects can be pursued (Jessop 1990).

This chapter contends that Burnham's failure to integrate his open Marxist perspective with a more sophisticated understanding of the development of political and economic institutions has left an analytical door open to institutionalist theorists to research depoliticization strategies at face value with little or no reference to underpinning capitalist relations. Where Burnham seeks to 'read off' complex institutional dynamics from an analysis of the circuit of capital, subsequent theorists of depoliticization have focused on the character of depoliticized institutions, but in abstraction from the broader political-economic context. In contrast to these approaches, this chapter uses the intermediate concept of a 'growth model' and argues that this can be usefully employed to capture the institutional specificities of different processes of depoliticization (and repoliticization) across different spatio-temporal contexts. Growth models are defined as encompassing the main sources of growth within the economy (in terms of historically determinate forms of production, consumption, distribution, and exchange) as well as the broader socio-political configurations within which such accumulation systems are necessarily embedded. As such, this chapter argues that the way in which depoliticization strategies and narratives are employed by policymakers tends to be closely related to how the growth model to which they adhere is institutionalized and reproduced in economic policy practice.

The chapter offers a preliminary application of this approach by offering an empirical examination of macroeconomic policymaking and crisis management in the post-crisis period in the United Kingdom (UK). The UK case is an important one for testing the value of a political economy of depoliticization because, first, its governing elite has been highly active in pursuing an apparent depoliticization strategy within core areas of economic policy since the 2007–8 Global Financial Crisis (GFC) and, second, because the UK can be understood as an important progenitor of depoliticization strategies that have subsequently been translated into other capitalist varieties. The first section of the chapter (11.2) critically engages with

Burnham's approach and its impact on subsequent analyses of depoliticization. The second section (11.3) introduces the growth model as an analytical concept by way of exploring an institutionalist political economy of depoliticization as a strategy rather than a form of governance. The third section (11.4) discusses our two case studies: the Help to Buy scheme and the Office for Budget Responsibility (more precisely, the thinking underpinning their establishment by the Conservative–Liberal Democrat coalition government). The former is important for demonstrating the acute overlap between growth model reproduction and patterns of politicization and depoliticization, and the latter helps us to demonstrate that the institutions of depoliticized policymaking cannot be understood unless the meaning of depoliticization itself is questioned (although both cases serve both objectives, to some extent).

Depoliticization and Political Economy

Our goal in this chapter is to place the concept of depoliticization firmly back within a critical political economy (CPE) approach, while at the same time recognizing the considerable institutional variety characteristically displayed by different models of capitalism. Three broad features of the CPE approach that this chapter advocates can be identified from the outset. First, it engages with what could be termed the *macro-political scale* of capitalist development. This means that the concern is fundamentally with transformations in patterns of production, consumption, distribution, and exchange over time (Baccaro and Pontusson 2016; Coates 2001). Second, these distributional processes never unfold in an 'economic' vacuum. Rather, such processes are always embedded within historically specific *institutional complexes* that can serve to stabilize and sustain—but also, at key moments, can severely problematize—continued economic expansion (Aglietta 1976; Jessop and Sum 2006). Third,

these institutional forms do not emerge simply to sustain dominant logics of economic development in a 'functionalist' manner. Rather, they are themselves constituted through *politics* as different social actors seek to advance their own governing projects and accumulation strategies through the state (Bertramsen et al. 1991; Hay 2002; Jessop 2002).

This characterization of CPE—with its focus on the distributional, institutional, and political aspects of capitalist development—is by no means comprehensive. However, its basic features do stand in contrast to an emergent depoliticization research agenda that has tended to focus on specific case studies of the phenomenon. Recent contributions to this literature have included analyses of water management (Beveridge and Naumann 2014), environmental policy (Fawcett and Wood 2014; Wood 2015a), and energy and healthcare policy (Kuzemko 2014; Wood 2015b). These studies have undoubtedly generated important empirical contributions to the literature. However, their analytical focus on the 'micro level' runs the risk of losing sight of the wider structural inequalities and imbalances in social power that characterize contemporary global capitalism. Detailed empirical examination of distinct policy areas may yield compelling *descriptions* of the effects of different policies 'on the ground', but the task of critical social theory should be to examine how such localized phenomena are embedded within and conditioned by a broader framework of unequal power relations (Horkheimer 1972; Wood 2015c: 7).

It is here that a CPE approach can make a crucial contribution to the existing literature: it refocuses attention on the relation between depoliticization processes on the one hand and advanced capitalist development on the other. Peter Burnham's seminal analysis of the relationship between capitalism and depoliticization—which, somewhat paradoxically, has been influential on the micro-level analysis that characterizes the depoliticization literature—represents a good starting point for advancing such a CPE approach. However, as shall be argued below, Burnham's approach itself also stands in need of substantial reformulation.

There is not space here to comprehensively review Burnham's critical social theory or the wider open Marxist framework of which it is derivative. However, it is worth noting three points where Burnham's approach is quite different from now dominant treatments of depoliticization in the contemporary public policy literature. First, although Burnham's approach does focus on depoliticization as a mode of 'statecraft'—or how governments seek to achieve 'governing competence'—this problematique is placed explicitly within an understanding of the crisis-ridden nature of capitalist development (Burnham 2010: 32). Specifically, depoliticization is used to understand how state managers prevent an economic crisis from 'becoming a political crisis of the state itself' (Burnham 2011: 499). This crucial connection between accumulation and legitimation has, this chapter submits, been largely lost in the contemporary public policy literature. Second, Burnham's approach analytically privileges the often antagonistic relation between the state, labour, and capital (Burnham 2010, 2014). However, these categories have also been largely abandoned in the contemporary literature, which has tended to focus instead more explicitly on electoral considerations and on the way in which depoliticization allows politicians to navigate competing interest groups in civil society (Diamond 2015; Wood 2015b). Third, Burnham advances a distinctive theory of the state, which sees depoliticization as a 'method chosen by state managers to externalise the imposition of discipline/austerity on social relations' (2014: 190).

Burnham's approach provides us with a useful analytical framework through which to understand the relation between depoliticization and capitalist development. It therefore remains a crucial reference point for a CPE approach to depoliticization. However, his analysis is not without its own weaknesses. Specifically, his account of depoliticization is posited at too high a level of abstraction and fails to acknowledge the key role that distinctive institutional complexes and contingent state interventions can play in sustaining different

growth dynamics over time. Drawing on Marx, Burnham argues that the expanded reproduction of capital is always premised on the successful fusion of money, productive capital, and commodity capital (Burnham 2006: 76). Crucially, this circuit relies on the extraction of surplus value in the production process, which in turn implies that capitalism relies fundamentally on its capacity to successfully exploit labour power and to subordinate workers to the political control of capital (Burnham 2010).

This approach is limited because it implies that the state has no existence independent of the class struggle. Rather, the state is viewed as a 'moment' in the circulation process: it is, in Burnham's view, little more than a 'circuit manager' (2006: 76). Ultimately, such a conception of the state cannot capture the crucial role that discretionary (and contingent) forms of state intervention play in stabilizing and sustaining capitalist development over time. This is because, as Bob Jessop (1990) has argued, the 'circuit of capital' can only ever display a *formal* unity. It expresses the basic form through which accumulation must take place—through a circuit linking together commodity, productive capital, and circulating capital—while also outlining the general character that crises are likely to assume within the capitalist mode of production (Jessop 1990). The crucial point is that the circuit of capital in and of itself does not (and cannot) secure a *substantive* unity. Models of capitalist development are not just 'given' by the formal reproduction requirements of capital 'in general'. Rather, developmental pathways have to be *constructed* and maintained by strategic interventions on the part of policymakers working through the institutional apparatus of the state. For example, finance-led growth regimes characteristically rely on a series of preconditions—for example, high real exchange rates and liberalized capital markets—which emerge at least partly as the result of discretionary interventions on the part of state actors (Krippner 2011). Similarly, the re-emergence of asset-price inflation in the post-2008 conjuncture has had as its crucial precondition loose monetary policy and credit-easing

policies. These interventions were not determined by an overriding ‘capital logic’, but were, rather, the result of strategic interventions on the part of policymakers who aimed to re-establish the conditions for economic recovery while at the same time privileging strategically significant sections of the social base. To move away from Burnham’s abstract-simple formulation of the ‘circuit of capital’—and to thereby avoid the reductionist view of the state it implies—it is necessary to introduce intermediate concepts that take account of the key role that strategic interventions and political calculations play in sustaining capitalist development over time.

Politics, Growth Models, and Institutionalization

Accumulation depends on the ability of the state to negotiate through densely structured and stratified social formations. One key role for the state is therefore to successfully enact a strategy that commands general acceptance of a particular model of development across society (Morton 2007). Crucially, the particular strategy that is adopted is not ‘pre-given’ simply by the logic of the circuit of capital. Rather, it has to be constructed. As such, there is a key place for agency, the mobilization of different governing ‘narratives’, and strategic political interventions: the state matters, not just as a ‘moment’ in the circuit of capital, but also as a relatively autonomous institutional ensemble that acts as a ‘factor of cohesion’ across the social order (Jessop 1990). As Jessop argues, this means analysts must take into account the ‘specific economic “growth model” complete with its various extra-economic preconditions and … a general strategy appropriate to its realisation’, as well as the particular hegemonic project that is mobilized in the pursuit of a model of development in any given historical conjuncture (Jessop 1990: 198).

There is insufficient space in this chapter to fully explore this point; our intention here is to suggest that the organization of capitalist society relies at all times on an unstable and temporary institutionalized *fusion* between what might be termed the 'extra-economic' sphere and the sphere of accumulation, and that depoliticization, as an apparent process of institutional evolution, must be accounted for on this basis. Capitalist expansion can take place only insofar as particular growth models are complemented and stabilized (and constituted) by institutional forms that secure the basis for continued social reproduction.

Analyses of depoliticization strategies and narratives must start from an understanding of the economic imaginaries that are embodied in the configuration of policymaking institutions (or, more precisely, reconfiguration, because depoliticization usually refers to some process of institutional reform). This is a vital move in avoiding the reductionist tendency present in Burnham's work, as depoliticization is explained with reference to capital–labour–state relations, and indeed the tendency in subsequent analysis to overstate the meaning and intent of depoliticization processes, as the overarching structural transformation is implied but then bracketed off. Not only is depoliticization—as a strategy designed to buttress a certain growth model—inherently political, it is also frequently superseded or even reversed when overt (re)politicization is deemed a more effective strategy (although, as this chapter will show, the rhetoric of depoliticization and related terms may remain helpful even in these circumstances).

Of course, growth models, almost by definition, involve a degree of what might conventionally be understood as depoliticization, or one particular type of depoliticization. The orientation of the institutions that embody the growth model will invariably be underpinned by a relatively coherent governing philosophy (or philosophies). As such, even if these institutions are democratically organized, the policies they develop and enact will to some extent be shaped by influences that manifest outside formal democratic processes, and

which offer an approach to economic statecraft that purports scientific credibility, irrespective of popular opinion. However, it is unsurprising that in the UK the actual term depoliticization came to prominence under Margaret Thatcher's premiership. Before long, politicians actually started using it, and associated concepts, to describe and justify their reform strategies. But this was only partially because they were doing more of what might be understood as 'depoliticizing' relevant policymaking processes. It was also partly because, for the first time since World War II, the UK growth model was quite rapidly evolving (by endogenous design and, to some extent, by exogenous necessity), moving towards a perceived equilibrium encompassing higher unemployment and lower incomes. Depoliticization strategies enabled the construction of this reformed growth model, shielding its contingent dimensions from contestation.

It was absolutely right that, at this point, or soon after, political scientists began to focus intensively on these changes. But the implication was that depoliticization had not mattered, or had mattered rather less, until that point—that is, until emerging accumulation dynamics required its installation within advanced polities such as the UK. This chapter disputes this inference. It is quite obviously the case that many economic decisions, even after mass enfranchisement, had in the past been taken with little reference to what mandate politicians might have been elected on, if they were elected at all. This chapter would therefore challenge Matthew Flinders and Jim Buller's (2006; see also Wood and Flinders 2014) distinction between rules-based and institution-based depoliticization arrangements, or, more precisely, the suggestion that the former is a hallmark of depoliticization, and, further, that the latter represents a more complete eradication of politics from decision-making. Both rules-based and institution-based depoliticization arrangements may be complicit in the establishment of forms of statecraft and, as discussed in relation to the second case study outlined in section 11.4.2, the introduction of either type of arrangement may represent the

politicization of economic policymaking in service of the growth model. The source of this problem is surely Burnham's failure to distinguish between an accumulation strategy and the institutions through which it is realized, which has made it possible for others to assume the meaning of depoliticization as a form of statecraft, and simply study its institutional embodiment. Analysts need to think more holistically about accumulation strategies, recognizing their political contingency, to better understand the institutional settings with which they interact and in which they are reflected.

Depoliticization in UK Economic Policy Since 2010

The economic turmoil following the 2008 GFC and the formation of the coalition government—ostensibly scathing of its predecessor's approach to governance, especially the Conservative Party leadership—provides a useful opportunity to explore the relationship between growth models, technocratic institutions, and economic policy practice, and, in particular, the place of depoliticization strategies within this relationship. This chapter suggests that patterns of depoliticization have been indelibly shaped by the need to develop previous policy practice in a post-crisis environment, and are characterized by repoliticization as well as depoliticization, as elites have used the veneer of radical reform to pursue institutional stabilization strategies. The radical veneer very often encompasses a demonization of the political as an inherently destabilizing force, even though its construction is a profoundly political act.

The first case study focuses on the Help to Buy case in the context of the institutionalization of monetary indiscipline, and the second on the creation of the Office for Budget Responsibility in the context of the institutionalization of austerity. However, it is necessary to reflect briefly on the 'privatized Keynesianism' or 'Anglo-liberal' growth

model, which, this chapter argues, these developments support (Crouch 2009; Gamble 2009; Hay 2013). While no more—and arguably less—politicized than the rules-based regimes that were to follow, Keynesianism as an economic policy doctrine coincided with elite strategies around managing imperial and industrial decline, requiring state intervention to protect core industries and institute large-scale welfare provision, through which the implications of decline could be mitigated, and the emergence of a consumer-led economy buttressed. As the contradictions of this model were exposed in the 1970s, elites pursued a services-led development model, which ultimately required higher levels of inequality, lower levels of pay and employment protection to maintain rates of profitability, and a greater role for private debt in maintaining consumption. Given mass enfranchisement, it was vital that the levers of state intervention were progressively removed from democratic control, or their use delegitimized, to avoid the emerging growth model and wealth distribution it protected being jeopardized.

Depoliticization in economic policy emerges in this context therefore as a profoundly political strategy, subject to intense political contestation, in the 1970s and 1980s to advance the emerging growth model and undermine alternatives around which opposition could cohere. None of the rules and institutions established in the name of depoliticization can be considered apolitical in any meaningful sense. The absence of growth, however, is the Achilles heel of all growth models, and the 2008 GFC undermined the prevailing patterns of fiscal discipline and monetary indiscipline that had previously sustained the growth model. In short, the state was again required to play a highly interventionist role within the economy—yet the only way this could be justified without undermining the ideological basis of pre-crisis economic practice was to recast, in highly contradictory ways, previous instances of ostensibly depoliticized statecraft as acutely political in nature. Repeating the pattern evident since the abandonment of monetarism, depoliticization was even further entrenched as a

governing principle, while policymaking elites actually acted to remove all technocratic constraints on their decisions.

The Help to Buy Scheme and the Politicization of Mortgage Credit

The key role that growth models play in conditioning depoliticization and repoliticization strategies is evident looking at the specific monetary and 'credit-easing' policies that have been pursued by Conservative-led governments in the UK throughout the post-crisis conjuncture. This period has been marked by both institutional continuity and change. On the one hand, the monetary policy response from the Bank of England—coordinated in tandem with the Treasury—was to initiate a prolonged period of unprecedented monetary loosening, with the bank cutting the base rate to 0.5 per cent in March 2009 and keeping it at that level for the longest time in its history (Monaghan 2015). This deep cut in the base rate has gone some way to reducing the cost of servicing mortgage payments for existing homeowners. Similarly, quantitative easing has pumped huge quantities of liquidity into asset markets, buoying the stock market (and the incomes of wealthy asset-holders) (Green and Lavery 2015). However, as Burnham has noted in a recent contribution, these novel policy fixes continue to be coordinated by the bank's Monetary Policy Committee and have occurred alongside an expansion of the bank's powers, particularly with respect to its new portfolio covering macro-prudential rules and financial regulation (Burnham 2014: 199). The pursuit of loose and unconventional monetary policy therefore represents a broad continuation of the 'depoliticized' mode of economic policymaking established before the crisis.

However, it is important to recognize that amid this continuity there has also been considerable change in the orientation of the state in relation to the UK's mortgage credit markets. Specifically, there was a growing politicization of the cost of mortgage credit under the Cameron government and a corresponding increase of state intervention in this policy

area. The Help to Buy scheme, first announced in the March 2013 budget, is particularly revealing in this regard. Help to Buy was designed to respond to the fact that lenders were reluctant to advance high loan-to-value mortgages to potentially risky buyers (particularly first-time buyers) in the aftermath of the GFC. By 2013, mortgage lending had fallen 40 per cent below its pre-crisis peak while the number of property transactions had dropped by 60 per cent. High loan-to-value mortgages, which had accounted for just short of 10 per cent of all loans in the second quarter of 2007, had dropped to below 2.5 per cent in the second quarter of 2009 and remained there until late 2013. In other words, in a context of increased economic uncertainty, mortgage lenders were demanding much larger deposits from potential borrowers. As a result, it would have taken nineteen years for someone on an average salary to afford the average first-time buyer deposit. This acted as a considerable barrier to entry for first-time homebuyers; indeed, 62 per cent reported that punishingly high deposit rates acted as the principal barrier to accessing mortgage finance (Alakeson et al. 2013).

Help to Buy was introduced in response to this perceived market failure. It involved two dimensions: the equity loan scheme and the Mortgage Guarantee Scheme (HM Treasury 2013b). The equity loan scheme—introduced in 2013 and to be rolled out until 2020 (Stacey 2014)—requires that borrowers advance 5 per cent of the value of the mortgage in a deposit. This was far lower than the average ‘market rate’, which, in July 2012, stood at 19 per cent (BBC News 2012). The government then provides a loan (interest free for the first five years), which covers up to 15 per cent of the remaining deposit. The Mortgage Guarantee Scheme, conversely, represents an insurance policy for mortgage lenders. While the borrower again is expected to advance a 5 per cent deposit, the government guarantees up to 15 per cent of the remaining deposit in case of default. The goal of these two mechanisms is to encourage mortgage lenders to advance higher loan-to-value ratios, thereby allowing greater access to mortgage credit for those who can afford monthly repayments but who could not

afford high deposits. As articulated in George Osborne's correspondence with the Treasury Select Committee, the explicit goal of the policy is to return to a situation where median loan-to-value ratios are at the level that prevailed in the pre-crisis period (Osborne 2014: 2).

Help to Buy has had a considerable impact in both the mortgage and the construction markets. In 2014, first-time buyers accessing mortgage finance had increased by 70 per cent relative to 2008, with a significant proportion of these mortgages resulting from the Help to Buy policy (Barrett 2015). Partly as a result of this, the average cost of a deposit fell by over 7 per cent in 2014. In addition, the increased demand for new-build properties contributed to a boost to the construction industry, with, it is calculated, 50,000 new homes built up to 2015 as a result of Whitehall support (Armitage 2015).

The relative merits and risks embodied in Help to Buy need not concern us here. What is significant is that the policy represents a clear *politicization* of the mortgage credit market. Throughout the pre-crisis conjuncture, the provision of mortgage credit had been largely depoliticized in the sense that its supply was left to private market actors. This was reflected in rapid spikes in loan-to-earnings ratios, which increased from 3.14 in 1998 to 5.86 in 2007 (Chamberlin 2009: 31). As a result, the provision of mortgage credit increased substantially throughout this period, to the extent that between 1997 and 2007 a record £1.2 trillion of new mortgage loans were made (Martin 2010: 41).

With Help to Buy, the state now bears a considerable risk in guaranteeing new mortgage loans: £3.5 billion of the government's capital budget was set aside to cover equity loans over the first three years of the policy and £130 billion was made available to fund the Mortgage Guarantee Scheme (HM Treasury 2013b). While house prices continue their upward trajectory, the scheme will help to generate additional revenue for the government; however, in the event (which seems increasingly likely) that the housing market's upward price trajectory slows or even reverses, it will be taxpayers who ultimately bear the brunt of any

defaults. This prospect reinforces the political incentive to secure increasing house prices, further entrenching the (now explicitly state-backed) logic of credit indiscipline so central to the UK's growth model.

The government has not pursued this policy of state subsidy for mortgage lenders and homebuyers in a clandestine manner. Rather, leading figures from the government have regularly touted the success of the policy and have sought to reap an electoral dividend from its perceived success in helping 'credit worthy, hardworking people to secure access to mortgage credit' (DCLG 2015). As such, the issue of mortgage credit has not only been politicized, it has also been actively *moralized*, presented as an example of prudent and fair government intervention to secure the public good where the market has failed. Interestingly, however, in spite of this ostensible moralization, the policy continues to be *presented* in a somewhat depoliticized fashion. Control over the policy, it is argued, lies with the Bank of England (although Mark Carney, the bank's governor, insisted that the bank had no such veto (Stewart 2013)). Furthermore, the meritocratic argument that 'hardworking families' deserve access to mortgage credit relies on a naturalistic logic that makes a necessary link between 'hard work' and homeownership. This in turn serves to naturalize and to (partly) depoliticize state intervention in this area.

The case of Help to Buy underlines the key point that to understand instances of depoliticization and repoliticization, a deeper understanding of the political-economic context within which policymakers find themselves is needed. The UK's growth model relies fundamentally on expanding access to household credit (Montgomerie and Büdenbender 2014). Throughout the pre-crisis period, this underlying requirement was provided in a relatively depoliticized fashion as private actors took advantage of a relatively benign macroeconomic environment. In the contemporary period—one characterized by increased levels of uncertainty and risk—mortgage providers have been far less willing to lend to

households and to new entrants to the housing market. In response to this, through Help to Buy, the government has stepped in, not only politicizing the issue of access to mortgage credit (a key issue for strategically significant sections of the electorate), but also actively seeking to reap a political dividend in this area. The key point is that understanding this process through a narrow 'depoliticization' policy lens and abstracting this from the broader political-economic context can lead scholars to miss the crucial underlying dynamics that have driven this emergent form of repoliticization.

The Office for Budget Responsibility and the Institutionalization of Austerity

This chapter argues here that the creation of the Office for Budget Responsibility (OBR)—a new, ostensibly technocratic institution of fiscal policymaking—actually represents a relaxation of a rules-based macroeconomic paradigm, and strengthens rather than constrains the power of central government. The question of whether central government has greater *discretionary* power when some fiscal policy functions have been outsourced to a seemingly independent body is an important one (which could, in fact, be argued either way in this case), but focusing on this question means the profoundly political agenda that underpins institutional reform may be overlooked.

A brief history of rules-based fiscal policy in the UK (some elements of which also encompass monetary policy and were therefore alluded to in section 11.4.1) is necessary to contextualize the OBR's novelty. The adoption of Keynesian techniques after World War II did not encompass any formal rules, but clearly represented a growing tendency for economic theory to take on a more prescriptive tone in relation to fiscal and monetary policy—though principally due to Abba Lerner's interpretation of how Keynesian theory should be applied and, in particular, Lerner's approach to 'functional finance', rather than any rigid instructions from Keynes himself (Aspromourgos 2014). That the emergence of monetarism within the UK economy is generally seen as the birth of depoliticized statecraft is consistent with

established frameworks for the analysis of depoliticization, but is therefore rather anachronistic. Monetarists advocated a stricter set of rules, including around government spending, which was presented as a remedy for Keynesianism's statism, which implicitly afforded elected politicians too substantive an economic role. It is this justification of monetarism—at root, an ideological perspective—that appears to form the basis of the analytical notion that rules-based policymaking is apolitical or certainly less political. Yet there is no a priori reason to assume that a formalization of certain rules, invariably involving more technocrats in decision-making functions, is a less political policymaking process, when these rules were the product of intense political struggle. This assumption is surely a barrier to understanding.

Furthermore, the Thatcher government essentially abandoned monetarism during its first term. It maintained a strong interest in controlling inflation, albeit orchestrated through labour market flexibility rather than conventional macroeconomic policy; Thatcher's fiscal and monetary policy agendas were at times, in fact, fairly expansive (Pepper and Oliver 2001). It is interesting, however, that the ostensible abandonment of monetarism was never publicly espoused by the Thatcher government, and many monetarist theorists remained in advisory roles for several years. The implication is surely that while fiscal policy had become *less* rules-based or theory-derived, the presentation of policymaking as being based on scientific principles retained its appeal to policymakers, even though the science in question had been discredited. Seeking to understand where economic policy sat on a spectrum of politicized to depoliticized in these circumstances is clearly extremely challenging. What seems clear is that depoliticization as a form of policymaking had little appeal to the most influential policymakers. Its invocation is a political act designed to justify or obscure other objectives.

Gordon Brown, as Chancellor of the Exchequer after 1997, sought to re-establish rules-based fiscal policy by explicitly founding his economic stewardship on adherence to fiscal

rules. While the development strategy he sought to pursue was essentially that of his Conservative predecessors, it seemed that the political rationale for valorizing depoliticized fiscal policy was even stronger for a Labour chancellor, as he sought to confound expectations of fiscal expansion. The 'golden rule', introduced in 1998, was one of several fiscal policy principles outlined by Brown in his first budget statement. It stipulated that, over an economic cycle, government could borrow only to invest (which would benefit future generations repaying public debt) rather than to fund current spending (which apparently benefits only the direct recipients). The most important of the other rules was the 'sustainable investment rule', which mandated that public debt would not be allowed to rise above 40 per cent of gross domestic product (GDP), even if the government were borrowing to invest. It would be inaccurate to suggest that these rules were based on a grand economic theory—contra conventions associated with Keynesianism and monetarism—yet this is in itself indicative of their importance to the evolution of rules-based policymaking.[1] The rules were self-imposed but also self-authored; they arose from a general attitude favouring economic prudence rather than being lifted from an economic textbook—by necessity, given the somewhat arbitrary nature of the specific constraints. They were also rather lenient, as Ben Clift and Jim Tomlinson argue:

> [T]he golden rules would have ruled out little of what had been done in British policy in the post-war years *except by New Labour's immediate predecessors*. Overall, therefore, if the golden rules brought New Labour credibility, they did so without preventing a big rise in public spending (including both investment and current

[1] The partial exception is Gordon Brown's endorsement of post-neoclassical endogenous growth theory—essentially a form of neoclassical economics that recognizes a role for the state, as well as the market, in establishing appropriate incentives for private investments. It did not offer a blueprint for New Labour's macroeconomic policy, but indicates its broad acceptance of the neoclassical paradigm. Indeed, perhaps its most important implication is that it indicates a belief within New Labour that the economics discipline could be mined for guides to economic policy action, irrespective of whichever theory appeared to be in vogue at any particular point in time.

> spending) and a big rise in borrowing. (Clift and Tomlinson 2007: 65; emphasis in original)

Brown therefore replicated the depoliticization strategy of the monetarists, while retaining significant room for manoeuvre. Nevertheless, as it did for the monetarists, it was occasionally necessary to redefine the rules. Brown's decision to manipulate the assessment of the golden rule in 2005, by altering the start date of the economic cycle (which essentially enabled additional borrowing), might appear to corroborate Flinders and Buller's argument that, in not outsourcing fiscal policy to an independent body, a rules-based approach is a less complete form of depoliticization. However, to conclude simply that New Labour's golden rules represented an incomplete depoliticization would be to overemphasize the extent to which issues around politicization represent a genuine real-world dilemma for elite actors. If depoliticization is instead understood as a strategy or narrative used, to a greater or lesser extent, in the exercise of political power, then manipulating fiscal rules is no more a political act than creating or accepting the rules.

In fact, while Brown's 2005 decision may have been criticized or even ridiculed at the time—and left him vulnerable later to the charge of reckless economic stewardship—altering the periodization of the economic cycle (which is of course an inherently contestable analytical device) is not something that in most circumstances would raise eyebrows among economists. The broader story here is that the rules were used as a rather artificial demonstration of New Labour's commitment to a neoclassical paradigm. This commitment also required that the rules were occasionally relaxed, when the numbers attached somewhat arbitrarily to the rules appeared to conflict with perceived market conditions. This is not a case of depoliticization gone wrong, but rather the adoption of a policy mode best suited to the exigencies of the growth model at that time. Gordon Brown's fiscal rules signified to capital markets that the risks apparently associated with demand management were to be

minimized, yet flexibility within these rules was required to enable significant supply-side investments, to maintain competitiveness within the global economy. Of course, the rules were stretched beyond breaking point in 2008. Although it hardly needs to be pointed out, it was the failure of the growth model that led to the rules being broken, not the rules being broken that led to the failure of the growth model. Yet it is interesting to consider whether the analytical framework around depoliticization prevalent in UK political science serves to obscure this quite obvious conclusion. Although academics in this field usually adopt a critical tone regarding instances of depoliticization, by taking instances of rule-breaking at face value rather than focusing on the political basis of the entire rules-based framework, analysis may have inadvertently fed the conservative narrative around New Labour's recklessness.

The perceived need for an organ of the state dedicated to budget responsibility is the centrepiece of this narrative. In general, it is clear that the Conservative Party's economic policy agenda has served, by design, to defend the pre-crisis growth model in the UK, albeit in a slightly modified form. It has frequently adopted rhetorical positions that offer the illusion of radical change, such as the discourse around economic 'rebalancing', which in fact support *continuity* in economic policy practice (Berry and Hay 2016). Similarly, the Conservative Party appears to have been highly successful in adopting the mantra of depoliticization for the same purpose, as New Labour's approach is said to have been too political; this rhetorical strategy lies behind the establishment of the OBR. Crucially, even if the OBR can be understood as a more complete form of depoliticization, in a conventional sense, its creation would remain a highly political endeavour. Yet even this assumption can be challenged. The OBR's role is not to impose fiscal rules, but to oversee in general the probity of fiscal policy. Its creation is based on the premise that even where there are rules, politicians cannot be trusted to follow them. Tellingly, however, the Conservative Party had

actually set up the OBR when in opposition in 2009; the taxpayer-funded OBR established in 2010 even retained the same leadership as the Conservatives' shadow OBR—that is, prominent economist Sir Alan Budd. Budd was of course a political appointee and a Conservative supporter, but the fact that he was an academic economist seems to override this. The Conservative Party therefore continued the trend evident under New Labour towards worshipping the economics profession as a whole, rather than particular economic theories. Accordingly, although this might appear to be a semantic point, the OBR is staffed by individuals who would be classified as economists, rather than with Treasury mandarins merely trained in economics, who had previously been responsible for economic and fiscal forecasting within government. In practice, the type of people—and indeed, in the first instance, the actual individuals—appointed to these roles are one and the same, yet the subtle change of emphasis allowed the coalition to draw on the legitimacy of a supposedly depoliticized agency to further its highly politicized fiscal agenda.

The implication is that strict rules are no longer needed, because the watchdog is beyond reproach. This is not depoliticization in any meaningful sense, but rather an instance of misdirection by a government whose commitment to a given growth model required it to operate in a more fiscally expansive fashion (while espousing the opposite). The coalition government offered the illusion of being monitored, but strictly controlled which aspects of public spending were being monitored in practice. The idea of austerity fits the Conservative Party's ideological perspective, but, narrowly defined, is actually quite an uncomfortable fit in terms of designating its fiscal policy agenda (Berry 2016). The failure of austerity is rendered acceptable, however, by the existence of the OBR, because the failure is reassuringly explained by experts, and then forecast to happen anyway at some future point. The curious case of the government's abandonment of its 'plan A' for austerity illustrates this point. It is quite clear that George Osborne halted the cuts to public spending, and tax rises,

during 2011–12 when it became evident that a private sector-led recovery would be far too prolonged (Portes 2013). This eventually became clear in the OBR's (2013) own analysis of the public finances, although was not explicitly publicized at the time, precisely because fiscal policy had been so effectively depoliticized by Osborne's discourse and reforms. The depoliticizing strategy of establishing the OBR, and the depoliticizing discourse of austerity, allowed Osborne not only to pursue a politicized fiscal agenda in support of a growth model in crisis, but also to radically alter this agenda without losing any of the credibility that the logic of depoliticization had paradoxically bestowed on plan A.

Crucially, as the above suggests, the OBR's analyses occasionally make Osborne look bad, but this merely serves to reinforce the sentiment that politicians are unreliable, therefore undermining the case for an interventionist and redistributive approach to fiscal policy. In fact, Budd was quickly replaced as the head of the OBR by Robert Chote, previously of the Institute of Fiscal Studies. Chote is widely considered, even by Osborne's political opponents, to be a more independent voice. Osborne has learned on the job that the occasional slip-up, exposed by the watchdog, will not substantively undermine the long-term political agenda, but instead reinforces the sense that his approach is credible, even when the economic outcomes are poor. Of course, it might be plausible to argue that the depoliticization framework would *not* treat the creation of the OBR as a more complete form of depoliticization, because the thing that is being re-institutionalized outside central government (forecasting) is not quite the same as the thing that was previously covered by fiscal rules (actual spending and borrowing levels). But this discrepancy actually supports our argument rather neatly: the public has deliberately not been made aware of this discrepancy, but instead encouraged to assume that George Osborne has placed himself under even tighter fiscal constraints than his predecessor.

Of course, it should also be recognized that, following the election of a Conservative majority government, Osborne complemented his institution-based fiscal policy depoliticization with a rules-based approach, by legislating for the achievement of a budget surplus in most economic circumstances through the Charter for Budget Responsibility, and by introducing a cap on overall welfare expenditure from 2016–17. Neither seems to be particularly concrete; the Conservative government is unlikely to achieve a budget surplus even by the early 2020s, and the welfare cap is certain to be breached. Yet we now appear to have arrived at the quite remarkably paradoxical circumstance whereby the government's failure to stick to fiscal rules serves not to elicit negative views of the rule-breakers, but rather of politicians who are not even prepared to attempt to adhere to fiscal rules, since budget responsibility is now prioritized above all other policy objectives. Politicians inevitably break rules, even self-imposed ones, because they are untrustworthy, and the best and most competent politicians are those who recognize their own fallibility, and therefore the undesirability of an interventionist economic policy. The existence of the OBR is crucial to this discursive logic. That such circumstances have been reached while the coalition and Conservatives have embarked on a significant programme of economic intervention to restore the pre-crisis growth model demonstrates the limitations of taking depoliticization as a form of policymaking at face value.

Conclusion

This chapter has advanced an account of depoliticization that seeks to place the research agenda firmly back within the original problematique as articulated by Peter Burnham—that is, as part of a holistic account of the governance of state–capital–labour relations in capitalist society. However, it has sought to go beyond the abstract-simple analysis advocated by

Burnham by tracing the various ways that social conflict anticipated by depoliticization strategies is institutionally grounded in specific spatio-temporal contexts, having argued that Burnham's failure to take institutions seriously in this regard has encouraged scholars to fill this analytical gap by focusing on the character of depoliticized policymaking processes rather than their wider significance for capitalist relations. Analysts need to move beyond abstract accounts that focus on the 'circuit of capital' and the capitalist mode of accumulation understood in its broadest sense, and seek to account for the complex ways in which distinctive accumulation systems are stabilized and reproduced by distinctive constellations of extra-economic institutional forms.

Our analysis of the UK case, particularly economic policy since 2010, reveals the complex interplay between the UK growth model, its institutionalization, economic crisis, and shifting patterns of depoliticization and repoliticization. The case of Help to Buy reveals an important change in the UK state's relation to the provision of mortgage credit in the post-crisis conjuncture. Whereas in the pre-crisis period, mortgage credit had been supplied in a largely 'depoliticized' manner by private sector institutions, in the post-crisis period, the government has played an increasingly prominent role in intervening in this policy area. However, this repoliticization of mortgage credit can only be understood if the crucial underpinnings and drivers of the UK's distinctive finance-led growth model are acknowledged. Patterns of depoliticization and repoliticization do not occur in a vacuum; they are strongly conditioned by the overriding economic context and the constraints and opportunities this produces for policymakers. The narrative around the OBR, in contrast, sees the discursive logic of depoliticization employed extensively even as the institutional constraints around fiscal policy are loosened. This highlights the danger of focusing narrowly, as is the tendency of the depoliticization literature, on the institutions of depoliticized policymaking at the expense of the economic policy agendas replete in their

genesis. Our approach therefore offers an important step towards a comparative political economy of depoliticization, insofar as it outlines a conceptual framework for appraising the relationship between discourses and strategies of depoliticization and growth models.

References

Aglietta, M., 1976. *A Theory of Capitalist Regulation: The US Experience*, London: Verso.

Alakeson, V., H. Fearn, and G. Cory, 2013. *One Foot on the Ladder: How Shared Ownership Can Bring Owning a Home into Reach*, London: The Resolution Foundation. http://www.resolutionfoundation.org/wp-content/uploads/2014/08/One-foot-on-the-ladder.pdf.

Armitage, J., 2015. 'Help to Buy and Other State Support Built These Housebuilders Bonuses'. *The Independent*, 11 August. http://www.independent.co.uk/news/business/comment/help-to-buy-and-other-state-support-built-these-housebuilders-bonuses-10449265.html.

Aspromourgos, T., 2014. 'Keynes, Lerner and the Question of Public Debt'. *History of Political Economy* 46(3): 409–33.

Baccaro, L., and J. Pontusson, 2016. 'Rethinking Comparative Political Economy: The Growth Model Perspective'. *Politics & Society* 44(2): 175–207.

Barrett, C., 2015. 'Number of First-Time UK Homebuyers Hits 7-Year High, Says Halifax'. *The Financial Times*, 6 January. http://www.ft.com/cms/s/0/3053531e-9580-11e4-b3a6-00144feabdc0.html#axzz3jAdJklHB.

BBC News, 2012. 'Mortgage Deposits Drop Below 20% for First-Time Buyers'. *BBC News*, 12 September. http://www.bbc.co.uk/news/business-19568911.

Berry, C., 2016. *Austerity Politics and UK Economic Policy*, Basingstoke, UK: Palgrave.

Berry, C., and C. Hay, 2016. ‘The Great British “Rebalancing” Act: The Construction and Implementation of an Economic Imperative for Exceptional Times’. *British Journal of Politics and International Relations* 18(1): 3–25.

Bertramsen, R. B., J. P. F. Thomsen, and J. Torfing, 1991. *State, Economy, and Society*, London: Unwin Hyman.

Beveridge, R., and M. Naumann, 2014. ‘Global Norms, Local Contestation: Privatisation and De/Politicisation in Berlin’. *Policy & Politics* 42(2): 275–91.

Buller, J., and M. Flinders, 2005. ‘The Domestic Origins of Depoliticisation in the Area of British Economic Policy’. *British Journal of Politics and International Relations* 4(11): 526–43.

Burnham, P., 1999. ‘The Politics of Economic Management in the 1990s’. *New Political Economy* 4(1): 37–54.

Burnham, P., 2001. ‘New Labour and the Politics of Depoliticization’. *British Journal of Politics and International Relations* 3(2): 127–49.

Burnham, P., 2006. ‘Marxism, the State and British Politics’. *British Politics* 1(1): 67–83.

Burnham, P., 2010. ‘Class, Capital and Crisis: A Return to Fundamentals’. *Political Studies Review* 8(1): 27–39.

Burnham, P., 2014. ‘Depoliticisation: Economic Crisis and Political Management’. *Policy & Politics* 42(2): 189–206.

Chamberlin, G., 2009. ‘Recent Developments in the UK Housing Market’. *Economic Labour Market Review* 3(8): 29–38.

Clift, B., and J. Tomlinson, 2007. ‘Credible Keynesianism? New Labour Macroeconomic Policy and the Political Economy of Coarse Tuning’. *British Journal of Political Science* 37(1): 47–69.

Coates, D., 2001. *Models of Capitalism: Growth and Stagnation in the Modern Era*, Chichester, UK: Wiley.

Crouch, C., 2009. 'Privatized Keynesianism: An Unacknowledged Policy Regime'. *British Journal of Politics and International Relations* 11(3): 382–99.

Department for Communities and Local Government (DCLG), 2015. Help to Buy Creates 131 New Homeowners A Day. Press release, 18 June, DCLG, London. https://www.gov.uk/government/news/help-to-buy-creates-131-new-homeowners-a-day.

Diamond, P., 2015. 'New Labour, Politicisation and Depoliticisation: The Delivery Agenda in Public Services 1997–2007'. *British Politics* 10(4): 429–53.

Fawcett, P., and M. Wood, 2014. 'Becoming a Metagovernor: A Case Study of the Murray–Darling Basin Authority'. *SSRN Electronic Journal*. doi: 10.2139/ssrn.2500644.

Flinders, M., and J. Buller, 2006. 'Depoliticisation: Principles, Tactics and Tools'. *British Politics* 1: 293–318.

Gamble, A., 2009. *Spectre at the Feast*, Basingstoke, UK: Palgrave Macmillan.

Green, J., and S. Lavery, 2015. 'The Regressive Recovery: Distribution, Inequality and State Power in Britain's Post-Crisis Political Economy'. *New Political Economy* 20(6): 1–30.

Hay, C., 2002. *Political Analysis: A Critical Introduction*, Basingstoke, UK: Palgrave Macmillan.

Hay, C., 2013. *The Failure of Anglo-Liberal Capitalism*, Basingstoke, UK: Palgrave Pivot.

Hay, C., 2014. 'Depoliticisation as a Process, Governance as Practice: What Did the "First Wave" Get Wrong and Do We Need a "Second Wave" to Put it Right?'. *Policy & Politics* 42(2): 293–311.

HM Treasury, 2013a. *Budget 2013*, London: HM Treasury. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/221885/budget2013_complete.pdf.

HM Treasury, 2013b. *Help to Buy: Mortgage Guarantee Scheme—Outline*, London: HM Treasury. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/221897/help_to_buy_mortgage_guarantee_scheme_outline.pdf.

Horkheimer, M., 1972. *Critical Theory: Selected Essays*, New York: Continuum Publishing.

Jessop, B., 1990. *State Theory: Putting the Capitalist State in Its Place*, Cambridge: Polity Press.

Jessop, B., 2002. *The Future of the Capitalist State*, Cambridge: Polity Press.

Jessop, B., and N.-L. Sum, 2006. *Beyond the Regulation Approach*, Cheltenham, UK: Edward Elgar.

Krippner, G., 2011. *Capitalizing on Crisis*, Cambridge, MA: Harvard University Press.

Kuzemko, C., 2014. 'Politicising UK Energy: What "Speaking Energy Security" Can Do'. *Policy & Politics* 42(2): 259–74.

Martin, R., 2010. 'Uneven Regional Growth: The Geographies of Boom and Bust under New Labour'. In *The Economic Geography of the UK*, eds N. M. Coe and A. Jones, pp. 29–46. London: Sage.

Monaghan, A., 2015. 'UK Interest Rates Mark Six-Year Anniversary at Record Low'. *The Guardian*, 5 March. http://www.theguardian.com/business/2015/mar/05/uk-interest-rates-mark-six-year-anniversary-at-record-low.

Montgomerie, J., and M. Büdenbender, 2014. ‘Round the Houses: Homeownership and Failures of Asset-Based Welfare in the United Kingdom’. *New Political Economy*: 1–20. doi: 10.1080/13563467.2014.951429.

Morton, A. D., 2007. *Unravelling Gramsci: Hegemony and Passive Revolution in the Global Economy*, London: Pluto Press.

Office for Budget Responsibility (OBR), 2013. *Economic and Fiscal Outlook: March 2013*, London: OBR. http://budgetresponsibility.org.uk/economic-and-fiscal-outlook-march-2013.

Osborne, G., 2014. Letter from George Osborne to Andrew Tyrie, 28 April, HM Treasury, London. http://www.parliament.uk/documents/commons-committees/treasury/140428-George_Osborne_to_Andrew_Tyrie_housing.pdf.

Pepper, G., and M. Oliver, 2001. *Monetarism under Thatcher: Lessons for the Future*, Cheltenham, UK: Edward Elgar.

Portes, J., 2013. *The Deficit is Falling…* Blog, 23 April, National Institute of Economic and Social Research, London. http://www.niesr.ac.uk/blog/deficit-falling#.VdXye1JHWEh.

Roberts, A., 2011. *The Logic of Discipline: Global Capitalism and the Architecture of Government*, Oxford: Oxford University Press.

Stacey, K., 2014. ‘George Osborne Extends Help to Buy Scheme to 2020’. *The Financial Times*, 16 March. http://www.ft.com/cms/s/0/03cce0f0-acfe-11e3-af3e-00144feab7de.html?siteedition=uk#axzz3jLaJck7o.

Stewart, H., 2013. ‘Bank of England Has No Veto Over Help to Buy, Carney Tells MPs’. *The Guardian*, 28 November. http://www.theguardian.com/business/2013/nov/28/bank-of-england-help-to-buy.

Watson, M., 2010. ‘Housing Price Keynesianism and the Contradictions of the Modern Investor Subject’. *Housing Studies* 25(3): 413–26.

Wood, M., 2015a. ‘Beyond Accountability: Political Legitimacy and Delegated Water Governance in Australia’. *Public Administration* 93(4): 1012–30.

Wood, M., 2015b. ‘Holding Back the Tide: Hyper-Politicization and Ministerial Reactions to the Herceptin Postcode Lottery Crisis’. *British Journal of Politics & International Relations* 17(4): 644–64.

Wood, M., 2015c. ‘Politicisation, Depoliticisation and Anti-Politics: Towards a Multilevel Research Agenda’. *Political Studies Review*. doi: 10.1111/1478-9302.12074.

Wood, M., & Flinders, M., 2014. ‘Rethinking Depoliticisation: Beyond the Governmental’. *Policy & Politics* 42(2): 151–70.