Health Economics, Policy and Law (2006), **1**: 91–98 Printed in the United Kingdom
© Cambridge University Press 2006 doi:10.1017/S1744133105001106

Review Essay

The great transformation

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Private Complaints and Public Health: Richard Titmuss on the National Health Service
Edited by Ann Oakley and Jonathan Barker
Bristol: The Policy Press, 2004, 242 pp.

Motivation, Agency and Public Policy: of Knights & Knaves, Pawns & Queens
Julian Le Grand
Oxford: Oxford University Press, 2003, 191 pp.

Over the past quarter century or so there has been, in Peter Hall's formulation (Hall, 1993), a paradigm shift in macro-economic policy making: a movement from a Keynesian mode of policy making towards one based on monetary theory. The latter was open to a variety of interpretations and has been modified in practice. However, there was clearly a transformation in the way we think about economic policy making. Is the same true of social policy? Has there been an equivalent paradigm shift in the way we think about social policy? The two books under review provide an opportunity for addressing this question.

The selection of Richard Titmuss's papers on the National Health Service (NHS) illustrates what might be called the conventional wisdom – or operating paradigm – of the social policy community as forged in the post-war decades. Titmuss himself was, of course, largely responsible for articulating that paradigm: an enormously revered figure during his lifetime, his disciples at the London School of Economics and Political Science (LSE) dominated social policy studies after his death in 1973 and his views still have much resonance in the social policy community today. Julian Le Grand, the Richard Titmuss Professor of Social Policy at LSE, has now produced a book that challenges many of the ideas of his predecessor and provides an alternative way of thinking not only about the NHS but also about social policy more generally. The contrast between the two books under review provides an opportunity to examine the transformation in the intellectual foundations of social policy that has taken place over the past decades.

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https://doi.org/10.1017/S1744133105001106 Published online by Cambridge University Press

Both Titmuss and Le Grand reflect the intellectual and policy environment of their time. Just as Titmuss provided an intellectual and moral justification for the post-war Welfare State, so Le Grand provides a rationale for the new social policy model that has emerged over the last 20 years or so. And just as LSE social policy staff of the Titmuss era were in and out of Whitehall during the Labour Governments of the 1960s and 1970s, so Le Grand served as policy adviser to Tony Blair. To state the obvious, intellectual development does not take place in a vacuum: ideas reflect the policy world – the success or otherwise of policy experiments (be it the creation of the NHS in 1948 or the invention of quasi-markets in the 1980s) – as well as influencing policy. Policy and ideas fertilise each other: there is no such thing as intellectual virginity when it comes to social policy discourse.

One important difference between Titmuss and Le Grand must be noted before addressing the specifics of their arguments. This is the difference in their styles of argument, reflecting partly their personal histories and partly changes in the academic environment in the 30 plus years that separate their writings. Titmuss was a self-made academic who had no university degree and eclectically drew on a variety of disciplines in the study of social policy. His publications ranged from rigorous statistical analysis to more general, speculative essays, the latter of which make up the bulk of the book under review. But I suspect that the quality that made him such an appealing figure was that he was a moralist, a sort of latter-day prophet. That, and the fact that he could write clearly and without technical jargon, made him appealing to his readers emotionally as well intellectually. Le Grand, in contrast, is a modern academic: a card-carrying economist with a Ph.D. to prove it. He is a more disciplined writer than Titmuss, building up his arguments step by step and acknowledging the strengths and weaknesses of any case that he is making. In contrast, as we shall see, Titmuss sometimes seems to avoid the logic of his own arguments and seldom acknowledges that there might be something to be said against them. If Titmuss is the master of persuasive rhetoric, very much in the mould of Tawney and others writing at the same time, Le Grand follows the rules of the academic game: he writes clearly, but avoids arm waving gestures. Both are advocates – making a case for particular policies – but their ways of addressing the jury are very different.

Le Grand's book is an expanded and elaborated version of his influential article, 'Knights, knaves or pawns? Human behaviour and social policy' (Le Grand, 1997). His starting point was the observation that in Britain – and elsewhere – there had been a significant shift in social policy: notably the introduction of competition in the delivery in social services – as epitomised by the invention of quasi markets – and the design of social security programmes. In turn, this implied a largely implicit shift 'in the assumptions concerning motivation that underlay older models of welfare systems'. The assumption of the founders of the post-1945 model Welfare State was that those providing the services or deciding on benefits – be they doctors, teachers or council house managers – were altruistic paternalists: they were considered to be, in Le Grand's terminology, knights. In contrast, the assumption of the quasi-market and other reforms

https://doi.org/10.1017/S1744133105001106 Published online by Cambridge University Press

of the 1980s and 1990s was that service providers pursued their own self-interest but would respond to incentives: they were considered to be (in Le Grand's phrase, borrowed from Hume) knaves. Finally, sticking to his chess analogy, Le Grand argued that recipients of services and benefits were seen as pawns – essentially passive – in the 1945 model, while later policy discourse challenged this assumption: a theme which he did not develop in his 1997 article, but which he greatly amplifies in his book (see below). These assumptions shaping policy needed to be made explicit, Le Grand argued, so that their validity and their implications could be tested.

This is precisely what Le Grand's book does, as it develops 'a theory of public service motivation'. We start with a definition: 'In our terminology, knaves can be defined as self-interested individuals who are motivated to help others only if by so doing they will serve their private interests; whereas knights are individuals who are motivated to help others for no private reward, and indeed who may undertake such activities to the detriment of their own private interests.' In the former case it cannot be assumed that, for example, a doctor's decisions about treating his or her patients is not contaminated by self-interest. In the latter case, it is assumed that the doctor's decisions will be driven exclusively by what is best for the patient. Which assumption is empirically correct? Le Grand trawls the available evidence and concludes that the picture is mixed. The point is not that all doctors, teachers and other public service providers are knaves or knights, but that there is evidence of both knightly and knavish behaviour (often in the same person). So the policy trick is how to devise systems of rewards that provide incentives to knaves to behave in a more knightly fashion without turning knights into knaves by devaluing their dedication. The evidence for informing policy is, however, thin and mixed. On the one hand, there is evidence that incentives can change, or at least promote certain kinds of, behaviour: the experience of fundholding in the NHS is a case in point. On the other hand, it also suggests that there is a 'threshold effect'; that if knights are not going to be turned into knaves, incentives have to be set at a level which suggests public recognition for their dedication without being so high as to imply that they are being bribed to do worthy things. So designing incentives requires a fine balancing act.

The strength of Le Grand's analysis lies in its recognition that self-interest is a problematic concept and is defined by context (Wildavsky, 1994). Taking his arguments one step further, even altruistic, selfless behaviour can be seen as a form of self-interest if it is pursued in search of non-material rewards, whether in this world or the next (the honours system can be seen as part of the public sector reward structure, shoring up the much-invoked public service ethos, a system which has the merit of being extremely cheap). But subtle and sophisticated as the exposition of his case is, it seems to me that he does not give sufficient weight to two considerations.

The first, which reinforces Le Grand's thesis, is the overwhelming evidence from the organisational literature that service deliverers make their own rules and policies (for example, Lipsky, 1980), which is why policies may be subverted or even perverted in the process of implementation. Hence the

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proliferation of targets, indicators and so on as governments try to control public services. The point is mentioned by Le Grand but not much elaborated, although the current interest in incentives largely reflects frustration with the shortcomings of a hierarchic, bureaucratic system of control.

The second, which complicates Le Grand's argument, is that knaves from the perspective of governments (inasmuch as they subvert policy) may be knights from the perspective of patients and other clients (inasmuch as they bend rules in the latter's favour). Again, Le Grand touches on this, but does not explore the full implications, which is that both types of motivation may have undesirable consequences. From the perspective of public policy, I am inclined to argue, knightly behaviour may often be the problem rather than the solution. And, from the perspective of users, knights may be authoritarian paternalists acting in the sure faith that they are altruists who know best. If the pursuit of self-interest at the expense of the public interest is the pathology of knavery, self-righteous rectitude is the pathology of knighthood.

From the theory of public service motivation, Le Grand moves on to addressing the problem of agency: the capacity of individuals for action and choice. Should power lie with the users of services or with the professionals and others providing them? Le Grand tends to argue the normative case for consumer power – though carefully qualifying the scope of that power – by building on his analysis of public sector motivation. The case for paternalism (what Le Grand calls 'the welfarist case') rests on the assertion that professionals like doctors and teachers can, because of their expertise, do better than the users themselves. But this assumes, Le Grand argues, that professionals 'face no conflict between their own interest and those of the users'. They must be 'something close to knights or perfect altruists'. Failing that, 'there is no guarantee that professionals will use their decision-making power in the interests of users'. As indicated above, I tend to think that the same problem arises in the case of knights who may well see themselves as acting in the interests of consumers but who take it upon themselves to define what those interests are.

Le Grand's line of reasoning seems to flow from his desire to link the case for agency – the active participation of users in decisions affecting them – to his analysis of motivations. But, taking another tack, there is an even stronger normative case to be made by building on the principle of equal autonomy (Klein and Miller, 1995). As classically put by Weale (1983: 42): 'This principle of autonomy asserts that all persons are entitled to respect as deliberative and purposive agents capable of formulating their own projects, and that as part of this respect there is a governmental obligation to bring into being or preserve the conditions in which this autonomy can be realized.' This formulation has the merit of linking the case for individual decision making to the general case for redistributive social policies: for what is the argument for redistributing income, if it is not to allow individuals to make the kind of autonomous decisions that society take for granted. If lack of resources is one constraint on people's autonomy, paternalist public services are another.

So my main reservation about Le Grand's conclusion – that users should be queens rather than pawns – is that it could be strengthened by widening its

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conceptual base. Given this conclusion, what follows for policy? Here Le Grand is conspicuously – and rightly – cautious. There is no call for unlimited choice or unfettered competition. The existence of publicly funded services – like the NHS and the school system – is taken for granted. So, in the case of the NHS, he argues for something like the existing quasi-market, plus an incentive system combining a salary element and fee-for-service payments for consultants. In the case of schools, he argues for a positively discriminating voucher, where the value of the voucher would increase in areas with a high proportion of poor families. He also throws in proposals for demogrants and (most unconvincingly, to my mind) hypothecated taxes. These are proposals that Le Grand has put forward at one time or another and there is inevitably a sense of pet ideas being recycled. In any case these policy specifics are of less interest for the purposes of this review – which is to ask whether there has been a paradigmatic change in the way we think about social policy – than the arguments leading up to them. To what extent does the new language of social policy, as articulated by Le Grand, challenge the traditional social policy paradigm as expounded by Titmuss?

Le Grand (like the present reviewer) would probably not quibble very much with Titmuss's vision of what social policy should seek to achieve – a more egalitarian, communitarian society, integrating all its citizens – though he might well demand tighter definitions of what these phrases actually mean and might even mutter something about utopian ambitions being an inadequate guide to policy making. The real difference lies in their assumptions of how to achieve these goals: the theories underlying the mechanics of policy (just as the monetarist challenge to Keynesian theories was about the mechanics of economic management). To exaggerate only a little, Titmuss saw economics as the enemy, rejecting the discipline's central assumption that the real world could be modelled on the basis of individuals pursuing their self-interest. Social policy started where economics left off: its role was to deal with the disbenefits of economic growth and to develop 'those social institutions that foster integration and discourage alienation' (quoted in Reisman, 1977: 10).

The selection of Titmuss's writings in the book under review demonstrate the range, scope and depth of his work on the organization and delivery of health care, and the humane spirit in which he writes. They range from his early work on rheumatic heart disease to an extract from his last, perhaps best-known book on the gift of blood, as well as essays on the origins and structure of the NHS. They show his ability to identify issues which still have much resonance and relevance today: notably inequalities in health. In what follows, however, I shall concentrate on those aspects of his writings challenged by Le Grand's revisionist analysis.

Titmuss never developed a theory of public sector motivation, and it would be anachronistic to expect him to have done so. In trying to fillet out what his ideas were, there is a real problem: his failure to follow up the logic of his own insights. Despite his general thesis that the NHS owes its birth to the spirit of wartime solidarity, and should thus be seen and cherished as a symbol of social solidarity, he wrote (accurately) 'The present structure of the Health Service owes more to the opinion of doctors than to political and public

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opinion.' Despite his celebration of the fact that the NHS enlarged professional freedom, allowing doctors 'to serve their patients according to their medical needs', he was far from uncritical about the way in which they actually treated patients. He wrote scathingly about hospital inertia and the survival of 'primitive customs', citing a study which showed (*plus ça change*) that 'hardly any of the measures to prevent cross-infection recommended by the Medical Research Council were in operation in the 24 wards of the eight hospitals studied'. 'One of the new problems', he observed, 'is the danger that hospitals may tend increasingly to be run in the interests of those working in and for them, rather than in the interests of the patients.'

So would he have subscribed to the view that professionals might be knaves? The answer must be a firm 'no'. Having described some of the perverse (from a patient's point of view) hospital routines, Titmuss makes a crucial caveat: 'I do not want to leave an impression that hospital staffs are deliberately callous to their patients. These things are done ... unthinkingly by people who are devoted to their calling, working unselfishly and for long hours in the interests of the sick.' So they should be seen as knights in Le Grand's terminology. The fact that this was not enough to ensure good care Titmuss attributes to a variety of factors: fragmentation of services, the absence of critical self-examination, administrative preoccupation with detail and so on. Behaviour, in short, depends on context. But how is that context to be changed in order to ensure that unselfish altruist can live up to the knightly ideal? Here Titmuss offered few clues. Some asides might suggest that he saw research as a tool for prompting reform – and this was indeed the route followed by his LSE social policy disciples – but he offered no coherent theory of the dynamics of organisational or policy change.

Was altruism the joker in the pack? Certainly Titmuss saw altruism as not only desirable in itself but as the cement of social policy. Hence his celebration of voluntary blood donation in *The Gift Relationship* (Titmuss, 1970) from which there is a short extract in the book. Here the problem is not so much doubt about whether voluntary giving is more efficient or effective than buying blood – although developments since the publication of his study suggest that the evidence is less clear-cut than he suggested – but about how generalisable this particular example of altruism is. As Collard (1978: 148) has commented: 'Generalising from the blood example, the relatively small band of Kantian altruists would find themselves bearing the whole cost of the welfare state.' Given that voluntary contributions cannot be expected to generate sufficient funds for building hospitals or motorways, 'The relevant gift relationship then becomes that implied in altruistic voting behaviour.' One weakness of the Titmussian social policy tradition – whose effects are still observable today – has been the assumption that tax payers are indeed altruists and that Labour Governments are to be castigated for not committing political suicide by raising taxes more in order to redistribute income. There is an interesting study waiting to be done to investigate whether blood donors are readier to pay higher taxes than the rest of the population: whether altruism in one sphere breeds or reinforces altruism in another.

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When it comes to the question of agency, the participation of users in decisions affecting them, there is once again some ambiguity about Titmuss's position. On the one hand, he saw the enlargement of freedom for patients as one of the achievements of the NHS, as indeed it was in the sense that it gave many the ability to opt for medical treatment when previously they had been unable to do so. So a commitment to positive freedom, the ability to make one's own decisions, was certainly one of his values: indeed it provides (as we have seen) the foundations of the case for income redistribution. On the other hand, he was emphatic in his rejection of consumer choice in health care, producing a list of 13 factors (citing Kenneth Arrow) which distinguish medical care from other goods. Most of the 13 factors implied that the doctor knew best. While Titmuss recognized that there was 'a tendency for more people to adopt a questioning and critical attitude to medical care', and that this implied a somewhat different doctor–patient relationship than the submissive one of the past, he did not pursue the logic of his insight any further.

Titmuss's apparent rejection of choice in health care has to be put into context. It was made in the course of his battle with the Institute of Economic Affairs (IEA), which in the 1960s was the lonely flag-carrier for private markets in health care and other social services. For Titmuss this raised the spectre of American-style health care – and he devoted much energy to expounding the inadequacies of the US system. Similarly, the theme of money corrupting and contaminating other, higher motives in the provision of social services was illustrated in *The Gift Relationship* by counterpointing British and American experience. It was, in a sense, too easy: it encouraged a certain degree of chauvinistic complacency about Britain's NHS which might have been dispelled by comparing the UK with, say, Sweden or France. More important, perhaps, by using the United States case as a stick to beat the IEA and others, Titmuss left a legacy of suspicion in the social policy community towards anything which might be described (often wrongly) as the adoption of American-style ideas or policies. To use a vocabulary of competition, choice and markets was for long guaranteed to produce a knee-jerk reaction of indignation, as distinct from consideration of what these words might mean in a different context.

The knee-jerks are rarer these days, though there are still occasional twitches. Here the credit must, I think, go largely to the Conservative policies of the 1980s: an example, as argued at the beginning of this review, of the two-way traffic between policies and ideas. In effect, the experiments with quasi-markets in publicly funded services – in education as well as health care – undermined the view that introducing competition and choice could be equated with privatization and the path to the perdition of an unbridled capitalist economy (though some still confuse the two). Further, one of the weaknesses of the Titmuss social policy tradition, as I have argued, is that his prescriptions were not based on any analysis of politics and power, or of the relationship between social policy, labour markets and economic performance. It is one of the strengths of the revisionism represented by Le Grand and others that they are attempting to fill this gap. Writing a decade ago my then colleague Jane Millar and I (Klein and Millar, 1995) entitled our review of the changing world of

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social policy – 'Searching for a New Paradigm?'. I suspect that the question mark can now be removed.

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