

# David Cameron's speech this week revealed the neoliberal undercurrents of state austerity

 [blogs.lse.ac.uk/politicsandpolicy/david-cameron-and-the-neoliberal-undercurrents-of-state-austerity/](https://blogs.lse.ac.uk/politicsandpolicy/david-cameron-and-the-neoliberal-undercurrents-of-state-austerity/)

11/14/2013

*David Cameron's declaration that austerity should be a 'permanent' feature of the British political economy was made in a context that would have made even Marie Antoinette wince. It was a speech which seemed to reveal more the ideological dimension to the deficit reduction agenda. Stripping away the state support of the most vulnerable in society at a time of hardship constitutes the deterioration of welfare system at a time of heightened socio-economic turmoil, writes **Dan Bailey**.*



David Cameron got one thing this right this week: he declared that Britain could not “try and rebuild the same type of economy we had before the crash”. It is a point he has rarely made since the early days of his premiership, as an economic recovery has been built largely on the all-too-familiar backs of [house price inflation](#) (partly as a result of the Funding for Lending and Help to Buy schemes) and an [expansion of credit](#).

Yet whilst he has evidently grasped the importance, if not the specifics, of the fundamental economic change that is required, he made it clear in the same speech that his governance of such an economy would be informed by the same conventional ideas that were prominent in the decades before the 2008 financial crash.

The prime minister delivered [the annual Lord Mayor's Banquet speech in the Guildhall](#), and declared that the squeeze on public sector spending which has produced so much social and economic turmoil need to be a “permanent” feature of the British political economy. He did so [in a context](#) which would have made even Marie Antoinette wince.

What was notable was the subtle change in rhetoric from the prime minister. Up until this point, David Cameron has largely avoided making any explicitly normative pledges to “roll back the state” as Margaret Thatcher once did. His speeches on austerity have been couched in very pragmatic language and characteristically spoke to the narrative of deficit reduction being a necessary evil in light of the public debt crisis.

In [his New Year's message for 2011](#), only a few months into his premiership, he promised that he “didn't come into politics to make cuts. Neither did Nick Clegg. But in the end politics is about national interest, not personal political agendas... We're tackling the deficit because we have to – not out of some ideological zeal. This is a government led by people with a practical desire to sort out this country's problems, not by ideology”.

In this week's speech, however, he shared his belief that the state needed to be “leaner” and “more efficient”; imagery which dovetails nicely with the depiction of “the bloated welfare state” that is common in the tabloid newspapers such as [the Daily Mail](#).

It was a speech which seemed to reveal more the ideological dimension to the deficit reduction agenda. To re-use an over-used phrase, it revealed the ‘neoliberal’ ideas – defined by [Jamie Peck](#) as a series of (often counter-productive) impulses towards deregulation, privatisation, state and welfare retrenchment – underpinning the austerity project. In doing so it gave weight to those suspicions, articulated by [Blyth](#), that austerity is itself a discourse deployed strategically to undermine the welfare state and the core principles underpinning it.

Of course, the idea of the welfare state being “leaner” and “more efficient” sounds extremely appealing. But that would be a very generous description of the current welfare system and the extent to which it has negotiated current welfare need.

With the levels of in-work poverty recently overtaking the levels of poverty amongst the unemployed, the rise in child

poverty, homelessness, fuel poverty, the rising cost of living, underemployment and unemployment, the socio-economic turmoil and hardship triggered by the events of recent years – including neoliberal austerity – has demanded more from an already stretched welfare system. It is within this context that the coalition government have made draconian cuts to what was already one of the most residual welfare regimes in Europe.

Stripping away the state support of the most vulnerable in society at a time of hardship does not constitute a “leaner” welfare system. It constitutes the deterioration of welfare system at a time of heightened socio-economic turmoil, to a degree which has led the New Economics Foundation to conclude that [the UK state no longer provides an adequate social safety net](#).

Heavily related to this ideological predisposition is the Conservative’s desire to achieve “a good deal for the tax-payer”; manifest in David Cameron’s assertion that taxation and state spending can be equated to “robbing Peter to pay Peter”.

The capacity of taxation and welfarism to redistribute resources and protect the poorest and most vulnerable in our society from harsh market forces remains both substantial and pertinent. The levels of both taxation and welfare spending help us to politically define what kind of society we want to live in. Yet David Cameron’s metaphor of taxation as “robbing Peter to pay Peter”, if we are to take it at face value, reveals an astounding ignorance of these mechanisms of redistribution and de-commodification.

Taxation – sourced disproportionately from the more affluent – remains a valuable tool of re-appropriating resources in such a way that it provides public services and social insurance for all. The welfare state is one conduit which allows for progressive redistribution and mediates the growing inequalities in society.

Getting “a good deal for the taxpayer” may play well in focus groups, but as a rhetorical tool it legitimises the neoliberal inclinations towards lowering taxation and retrenching welfare spending even further. Getting a good deal for the tax-payer may not be the same as getting a good deal for the country.

These ideas are derived from a normative predisposition which has deep antipathies towards the state and advocates free market solutions to promote a certain idea of economic ‘health’ and ‘competitiveness’. It is a framework of governance which has largely survived the financial crash intact in spite of the well-publicised culpability of its dictums.

It is these ideas and impulses which underpin the coalition government’s economic governance in this crucial period of reconstruction; a fact that was made far more explicit by David Cameron’s speech this week. Whether this squeeze on public sector spending does become ‘permanent’, however, may depend on the resistance, activism and alternative ideas which inform the political debate of the forthcoming years.

*Note: This article gives the views of the author, and not the position of the British Politics and Policy blog, nor of the London School of Economics. Please read our [comments policy](#) before posting.*

## **About the Author**

**Dan Bailey** is a PhD student at the University of Sheffield.