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Harnessing the Social:

State, Crisis and (Big) Society[1]

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Abstract:

The paper analyses the UK government's plans to create a social investment market. The Big Society as political economy is understood as a response to three aspects of a multi-faceted, global crisis: a crisis of capital accumulation; a crisis of social reproduction; and, a fiscal crisis of the state. While the neoliberal state is retreating from the sphere of social reproduction, further off-loading the costs of social reproduction onto the unwaged realms of the home and the community, it is simultaneously engaging in efforts to enable this terrain of social reproduction to be harnessed for profit. Key to this process are specific government policies, the creation of new financial institutions and instruments and the introduction of the metric of 'social value'. Policies ostensibly aimed at resolving the crisis in ways that empower local communities, actually foster further financialisation and a deepening of capitalist disciplinary logics into the social fabric.

Key Words:

Big Society, Crisis, Financialisation, Social Impact, Social Impact Bonds, Social Investment, Social Reproduction, Social Value.

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'Even before the economic crisis, a growing number of companies were starting to take seriously the need to put values at the heart of their business model. These included some of the best-known and most profitable firms in the world. Like philanthropy, this is something that needs to be central to the new form of capitalism that will emerge from the crisis.'
Michael Bishop and Philip Green (2010), *The Road from Ruin*

'Our alternative to big government is the big society. But we understand that the big society is not just going to spring to life on its own: we need strong and concerted government action to make it happen. We need to use the state to remake society.'
David Cameron, Hugo Young lecture, London, 9 November 2009

'We Won't Pay for their Crisis.'
Slogan, 2011 European anti-austerity protests

Introduction

Who remembers UK Prime Minister David Cameron's 'Big Society'? The Conservative party leader proposed it in 2009 as the solution to the moral crisis of 'Broken Britain'; when he became prime minister in May 2010 it became government policy. But five years on, the 'Big Society' is passé. No politician mentions it anymore and it has been contested and ridiculed across the political spectrum, not least by Britain's anti-austerity movements: there has not been a demonstration in the United Kingdom in the last few years without at least a handful of banners displaying some Big Society-related joke. 'Does my society look big in this?', demonstrators teased as they danced to the catchy refrain of Captain's Ska's protest hit *Liar Liar*,[1] angry at how Liberal Democrat leader Nick Clegg, once in government, reneged on his election-campaign pledge to oppose any rise in university tuition fees. Anti-cuts activists from UK Uncut held 'Big Society Bail-ins',[2] dramatically occupying banks, turning their foyers into doctors' surgeries, lecture theatres and nurseries. The wave of *Occupy* struggles pushed this agenda forward, reclaiming public and private space in London and across the UK, contaminating the 'Big Society' concept with its own counter-plan for direct democracy – and thus unapologetically wiping Cameron's 'Big Idea' off the agenda. As for the government, the Big Society's main advocates have either moved on or turned to other matters.

The Big Society may have flopped, but only as narrative or ideology. Behind the scenes the UK government has been putting this vision into practice in the form of a social investment market. It is this emerging social investment market, what we describe as the *political* *economy of the Big Society*, that we examine in this paper. Our examination shows that the state – partly as a response to its own fiscal crisis – is further retreating from the sphere of social reproduction, placing the associated costs onto the unpaid realms of the home and the community. At the same time, it is engaging in efforts to enable this terrain of social reproduction to be harnessed for profit – thus providing a potential source of new capitalist accumulation, and enabling an increasing 'financialisation of daily life' (Martin, R. 2002) and a deepening of capitalist disciplinary logics into the social fabric. The money advanced by social investors (in expectation of a profit) is supposed to allow social enterprise (responding to social need) to take place, while the competitive environment in which such social investment and social enterprise occurs is supposed to ensure innovation and efficiency in public service delivery. From the perspective of the state, the political economy of the Big Society promises to resolve three crises: the capitalist accumulation crisis, the crisis of social reproduction and the fiscal crisis of the state.

In section 1, we introduce the UK government's notion of a 'Big Society', noting how an apparent sea change in Conservative thinking obscures its socially regressive nature. We then review the global crisis of capitalist accumulation triggered by the financial 'meltdown' of 2007–8 (section 2) and the way this financial crisis metamorphosed into a fiscal crisis of the state which, in turn, contributed to a crisis of social reproduction (section 3). In each case we explain how the social investment model (the political economy of the Big Society) promises to resolve these crises. Next (section 4), we focus our attention on the state and its role in establishing the conditions for a social investment market. As well as reviewing the various relevant government policies, we interrogate the concept of *social value* as it has been recently introduced into policy-making. In the final substantive section (section 5) we develop our analysis of social value. We explore why it is such a key concept for a (neoliberal) state determined to reduce spending on public services and explain how and why it serves as a metric for financialisation. In this section, we also explain the mechanics of social investment and the financial instrument at its heart, the *social impact bond*. We conclude by discussing the implications of our analysis and the necessity for further research in this field.

1. The Big Society: bunting and tea parties for a 'Broken Britain'

The Big Society made its first appearance in David Cameron's Hugo Young Lecture in November 2009 and became a key part of his party's election campaign a few months later. While not originally intended to serve as a crisis ideology, it easily inserted itself into an austerity agenda where the notion of a 'big society' presented as community empowerment only very thinly veiled the cuts regime. According to the ideology of the Big Society, not only was Britain 'broken' and mired by moral decline, it was also burdened by the albatross of 'big government' (Cameron, 2009). Ostensibly, the Big Society was aimed at devolving power from the state. Specifically, communities could be more involved in the organisation and delivery of previously public services.

The discourse of a Big Society thus sought to mobilise citizens' affective capacities for empathy and concern for their fellows in order to take on health care, child care and elder care, to run local libraries and deal with unemployment, to tackle poverty and inequality, and, generally, to increase overall well-being in the context of further welfare state retrenchment and privatisation. Coding these affective capacities as a restoration of British 'civic virtue', the state could then retreat from its involvement in the management, funding and delivery of public services, relying instead on voluntary organisations and local communities to do the work. Not only were communities to become service deliverers, the individuals who constituted these communities were to feel more empowered through greater direct involvement in the collective reproduction of their livelihoods, without having to depend upon the mediation of the state. In the 1980s, under the leadership of Margaret Thatcher, the Conservative mantra accompanying cuts was that 'there is no such thing as society'. Three decades on, Cameron's Conservative party was embracing what, at least on the surface, seemed to be the opposite: an intense belief in the importance of society and the social, and the need to harness its potential.

According to the Big Society's exponents, violence, greed and atomisation were the result of thirty years of neoliberalism that rewarded selfish behaviour at the expense of a sense of community, with the result, they argued, that there was now wide-spread alienation and disenfranchisement. Instead, they advocated social activism, empowering individuals and communities and allowing British society to once again 'flourish' through an ethic of care (Blond, 2010; Norman, 2010). At first blush, this indictment of neoliberalism could potentially galvanise forces across a broad political spectrum, drawing as it did on notions of social cooperation and mutual aid equally emphasised by neoliberalism's left-wing critics; in fact, Conservative proponent Phillip Blond's notion of 'Red Tory' was echoed by Labour peer Maurice Glasman's retort of 'Blue Labour', with each side appealing to local communities (Glasman et al., 2011; Glasman and Norman, 2011).

However, in the face of multiple crises and an austerity regime evidently reliant on households and communities to pick up the state's tab for bailing out the banks, the socially regressive nature of the 'Big Society' was obvious. 'Broken Britain' served as a rhetorical device with which to identify and decry a moral crisis exemplified by the proliferation of anxiety-fuelled figures deemed responsible for the situation – 'feral youth', 'benefit scroungers', 'greedy bankers' and 'tax dodgers'. A notion of a moral crisis is constituted on the level of individual behaviours and norms in ways that serve to obscure the structural conditions of a deep social, political and economic crisis, such that only the effects are visible. Consequently, we can see how this portrayal of the crisis as 'moral' is actually an 'ideological displacement' (Hall et al., 1978);[3] for we are living in the midst of a multi-faceted, global crisis. Besides the economic and financial dimensions, common concerns include the climate crisis, the energy crisis and the food crisis (Mueller and Passadakis, 2009; Houtart, 2010; George, 2010). For our purposes, three particular aspects are key: the crisis of capital accumulation (or economic growth); the crisis of social reproduction; and the fiscal crisis of the state. In the following, we review each of these in turn.

Sociologists Castells et al. (2012) have argued for an attention to the current crisis and its conflicts as social processes. Consequently, the present proliferation of domains of the 'social' (e.g. social innovation, the social economy or social media) in what has been referred to critically as a 'social factory'[4] or 'new hidden abode' (Böhm and Land, 2012) require the development of analytical frameworks that can evaluate these transformations in terms of the emerging social configurations, relationships of power and terrains of contestation[5] shaping the present and pointing to possible futures. This paper contributes to this endeavour, paying particular attention to the UK and providing a critique of the solutions promised by the policies of the Big Society and social investment in terms of their political economy.

2. Accumulation crisis and the Big Society

Since 2008, we have been witnessing what political economist David McNally has described as a *global slump* (2009, 2010). Triggered in 2007 by a wave of defaults on 'subprime' mortgages in the United States, the financial crisis has precipitated a slump in the so-called real economy. As a generalised global crisis at the heart of the system, more profound than any other crisis of recent decades, this is a crisis in the 'reproduction of capital and of the relations between capital and global labour that have characterised the neoliberal period' (McNally, 2009: 40–41). McNally's prediction that 'we are very far from the endpoint' (2009: 40), is borne out by the International Monetary Fund's latest assessment of the global economy, which suggests that although crisis risks have diminished, Europe in general faces prolonged stagnation. In Britain, 'the recovery is progressing slowly, notably in the context of weak external demand and ongoing fiscal consolidation. Growth is forecast at ¾ percent this year, down ¼ percentage point from the October 2012 [*World Economic Outlook*]' (IMF, 2013: 47–48).

The salient features of McNally's account of the current crisis of neoliberalism – all of which are relevant to our analysis – are as follows. First, since the mid-1970s, we have witnessed capitalist restructuring on a global scale, including attacks on working-class organisations, spatial reorganisation of production, in particular manufacturing, and primitive accumulation (Midnight Notes Collective, 1990; Harvey, 2003). These processes resulted in increased profit rates and the creation of new centres of capital accumulation, but also increased exploitation and global turbulence. Second, alongside the restructuring of production, there has been a reorganisation of finance, the key event being the collapse of the Bretton Woods gold-dollar standard. This was characterised by increased financial volatility and uncertainty, the proliferation of new financial instruments designed to manage exposure to such uncertainty, and a general process of what is now termed financialisation.[6] Third, this wave of capitalist expansion faltered in 1997 with the East Asian crisis and new problems of overaccumulation. Post-1997, growth was underpinned only by a massive expansion of cheap credit, which further financialised relations between capital and labour, and in effect postponed global crisis for a decade. But, 'when financial markets began to seize up in the summer of 2007, underlying problems of overaccumulation and declining profitability meant that financial meltdown would trigger global slump' (McNally, 2009: 55).

In Britain, the crisis of capitalist accumulation has been particularly acute, arguably because of the harsh austerity policies of the present Conservative-Liberal Democrat coalition government (Blyth, 2013). While economic growth averaged 5.4% per year between 1997 and the first quarter of 2008, since then output has grown by just 1.6% per year on average. Figures for business investment and the value of new construction (a good indicator of business activity and confidence) are even starker. While, on average, these grew (in real terms) by 5.0 and 1.1% per year respectively over the 11 years up to 2008, since the financial crisis they have contracted each year by 4.2 and 7.4% (figure 1). The data on unemployment reveal a similar picture: after 2007/08, the unemployment rate jumped three percentage points, from around 5 per cent of the labour force to roughly 8 per cent (figure 2). We can thus conclude that in the case of Britain, the decline in profitability and the aforementioned problems of overaccumulation have not been resolved. Consequently, from the perspective of capital, new drivers of economic growth are required, that is, new sources of profitability.

Here lies one important impetus for a policy focus on social investment and its expansion in the UK.

In the view of its proponents, social investment has the potential to provide new investment opportunities for capital, moreover investment opportunities that are linked to real productive activity, and thus to drive economic growth and restore profitability. The newly established bank for social investment, Big Society Capital, states that social investors 'will often accept lower financial returns to generate greater social impact'; however, they do nevertheless have the 'expectation of *some* financial return', as 'social investment is repayable, *often with interest*'.[7] Five categories of (potential) finance providers – investors – are identified: government; trusts and foundations; individual retail investors; wealthy individuals; and mainstream banks. Of these, three will be looking for 'financial returns' and even 'competitive rates'.[8] According to a World Economic Forum-sponsored report, 'Big Society Capital will make investments with *risk and return characteristics comparable to the broader financial market*' (Schwab Foundation for Social Entrepreneurship 2013: 26; our emphasis).[9]

But what exactly is this 'productive activity'? This question takes us to the question of *social reproduction* and the *crisis of* social reproduction, the second facet of the manifold crisis.

3. The Big Society and the crisis of social reproduction

As a result of public bailouts of financial institutions, the financial crisis of 2007/08 has been transformed, for many states including the UK, into a sovereign debt crisis. Estimating the extent of public 'support' of the financial system is fraught with uncertainty and is politically controversial. However, in the UK, the National Audit Office estimated in December 2010 that 'taxpayers' exposure' to financial-system support (i.e. the amount taxpayers would be liable for were all supported banks, loans and assets to fail) had 'fallen from [a peak of] £955 billion to £512 billion' (NAO, 2010: 6). To put these figures in context, in 2010 the UK's gross domestic product (GDP) was £1.46 trillion, while total public sector (net) debt was £2.24 trillion, or 150% of GDP (Office for National Statistics, 2012: Tables 19.1 & 23.3). The important point is that the public debt figures *include* public exposure to financial-system support. In other words, about one-quarter of Britain's public debt, and possibly as much as 40 per cent, is a direct result of the bank bailout. For the UK then, the financial crisis of 2007/08 has contributed to a 'fiscal crisis of the state' (O'Connor, 1973). This fiscal crisis of the state – Britain's 'too high' level of sovereign debt – is being used politically to justify austerity policies: to reduce sovereign debt, the argument goes, government expenditure, including spending on social and welfare services, must be cut.

After several centuries of capitalist development in the UK and several decades of neoliberalism, we are now more dependent on capitalist markets for our well-being than ever before; our 'fates' thus seem entwined with that of the capitalist mode of production itself. Over the course of the neoliberal period, wages in Britain stagnated and workers' access to social wealth became dependent on cheap imported food and consumer goods, as well as cheap credit – part of a 'neoliberal deal' (Turbulence Collective, 2009). Since the events of 2007/08, this deal has become void: credit has dried up, while food price inflation, along with that for other essentials such as housing, energy and transport, has far outstripped the general rise in prices (see figure 3). In fact, food prices have risen by roughly 30 per cent over the past five years.

Real incomes have not risen to compensate – unsurprisingly, given the crisis of capital accumulation and the concomitant increase in unemployment. In fact, in real terms, median hourly earnings have fallen by 8½ per cent since 2009 and are now at similar levels to those of 2002–03 (ONS, 2013). According to the Joseph Rowntree Foundation (2010), in 2008/09 13 million people in the UK were living in poverty; some reports suggest 'at least one in every 16 parents […] skip one meal a week a week so their family doesn't go hungry';[10] another survey found that '[f]our out of five teachers (83%) see pupils who are hungry in the morning and 55% said up to a quarter of pupils arrive having not eaten enough'.[11] Labour leader Ed Miliband has described this situation as 'a quiet crisis that is unfolding day-by-day in kitchens and living rooms in every town, village and city up and down this country'.[12] Miliband is, in fact, talking of a *crisis of social reproduction*, or, at least, of its human side.

By *social reproduction* we refer to the totality of the entwined processes by which a socio-economic system reproduces itself in general and by which the human beings who live within this social system (as individuals, as communities and as generations) reproduce themselves, their cultures and their social relationships.[13] Capital's crisis of accumulation, discussed above, is one aspect of this crisis of social reproduction. The other aspect concerns the reproduction of human beings, *both* as human beings *and also* as labour-power. For capital, the crisis of social reproduction pertains to the fact that it relies upon labour-power and there is thus a need to ensure its ready supply, that is, human beings who are both willing and able to work for capital – whether this work is waged or unwaged. Feminists have been especially astute in revealing the connection between waged and unwaged work for capital, that is, in demonstrating how unwaged reproductive work in the home and in the community is vital for sustaining the capacities for surplus-value production in waged forms of labour.[14] The separation of production from reproduction within a capitalist economy, along with the consistent invisibilisation and devaluation of reproductive labour, both uncovered by feminist analysis, constitute a crucial social contradiction of capitalism that continues to be relevant today. In fact, at least since the onset of the present crisis and probably stretching far further back, much of this unwaged and still largely invisible reproductive work is no longer being performed – at least, not in a way consistent with capital accumulation. This is revealed in the aforementioned moral crisis, whipped up by politicians and newspaper editors, and the continual drip-drip of media stories in turn admonishing mothers in particular for various failings and exhorting them to greater efforts. Meanwhile, the big employers' organisation the Confederation of British Industry, frequently complains about the 'unemployability' of Britain's youth, from its 2004 warning against 'slang' and 'poor language skills'[15] to its finding in 2012 that 71 per cent of employers 'believe schools and colleges should be prioritising development of employability skills' (CBI 2012: 6 & 24).[16]

Just as social investment promises to help resolve the crisis of capital accumulation, so it also promises to address these other two aspects of the crisis by focusing on issues such as health and well-being, educational attainment and employability of young people, along with environmental sustainability and the participation in social, cultural and economic life.[17] Enhancing education and 'employability' is a common theme and the UK government's Department for Work and Pensions has even launched its own innovation fund 'to support payment-by-results programmes that enable disadvantaged young people to participate and succeed in education and training'.[18] As well as education and training programmes for teenagers, Social Finance (a body created by the Labour administration in 2007 'to help build a social investment market in the UK')[19] has created social impact bonds to finance prisoner rehabilitation in Peterborough, projects to support children at risk of being taken into care, and schemes to assist rough sleepers in London.

These are all problems of social reproduction previously assumed to be the responsibility of the state, even where previous rounds of neoliberal privatisation have curtailed the Keynesian welfare state. In the new Big Society model, it is envisaged that where the state steps back, a mixture of private and voluntary sector organisations will step forward in its place. As we shall see in the next section the state is itself active in engineering this profound economic and social, restructuring economy and society – a shift that should mitigate its own fiscal crisis.

4. The role of the state

Neoliberalism's ideology puts an onus on the non-interventionist state. But critical sociologists and political scientists have pointed out that as neoliberalism's development, the role of the state is not diminished, but transformed (Martin, R., 2002: 130; Harvey, 2005). The neoliberal state remains an important steering device for the restructuring of society: while it successively retreats from fiscal intervention or the provision of welfare, it is ever-active in securing the conditions for deregulation, the expansion markets, the privatisation of assets, and ensuring overall competitiveness of 'its' territory within a global economy. Consequently, the important question here is not *whether* the government is devolving responsibility for social reproduction onto local communities. The questions at stake are: *how?*, *on whose terms?* and *to what effect?* In this section, we consider some of the specific policies enacted by the UK government in order to create the conditions for the financialisation of social reproduction. In particular, we discuss the relevant Acts and White Papers, which we believe have been most significant over the past few years in forming the terrain upon which the restructuring of public-service provision might occur.

The *Open Public Services White Paper* was published in July 2011.[20] This document provides information on the government's specific policy intentions with respect to the reform of public services. There are three key overall aims: first, to provide less costly yet qualitatively better public services; second, to devolve administrative and decision-making power to individuals and local communities; third to enable both the entry of new providers and the creation of financial instruments that stimulate innovation and economic growth.

'Open' thus means that central and local government provision of and control over essential services are (further) opened up to provision via the market; customer choice and consumer power is equated with a democratic ethos circumscribed as an increase in quality of provision and freedom of choice. Building upon existing processes of privatisation initiated by the previous Labour government, the state is further transforming the framework in which public services are delivered and organised. A concession is made to the vicissitudes of market failure and unequal access; these are to be counteracted by state intervention and subsidies to disadvantaged individuals and communities. This takes a very specific form orientated towards financialisation, namely as financial support to enable those who are disadvantaged to participate in the market, or the fostering of 'investment readiness' and competitiveness in a 'global race to excellence'.

The policies are to operate on three tiers. First, at the level of individual services, performance-related provision, continuous improvement, transparency and accountability are all emphasised. Second, through the *Localism Act* (discussed below), neighbourhoods and local communities will be enabled to bid for, buy assets and run services, and take advantage of the implementation of community budgets. Third, the government's role will shift from a provider of services to a commissioner (at most), conditional upon the creation of a diverse range of independent providers, as well as a facilitator of investment (by private investors) in such services premised upon payment by results.

The White Paper makes clear the government's desire to foster the development of autonomous organisations, operating on a level playing field, in which the logic of competition to offer the best service operates a disciplinary device. Large contracts are to be divided up, such that individual elements can be provided by different enterprises with the long-term of goal of financial self-sufficiency. Public sector staff are promised greater autonomy and independence through employee ownerships schemes across the entire sector, with the mutual model singled out for praise.

The *Localism Act*, passed in November 2011, sets out a number of policy changes intended to facilitate the implementation of the framework set out in the *Open Public Services White Paper.* Particularly noteworthy here are a number of 'community rights', namely the rights 'to buy', 'to build' and 'to challenge', where local community organisations or parishes can opt to buy and run any service – from the local swimming pool or library to the village store or pub – on their own terms if the existing provision is not to their satisfaction. The Act eliminates previous 'cumbersome' planning applications and also grants community organisations more access to the purchase of assets and to the necessary information with regard to funding. Community budgets coupled with community commissioning means local people can commission, design and provide services. These processes put communities at the helm of the further privatisation process, while at the same time relying on the notions of mutual and social enterprises with an ethical as opposed to a purely profit-oriented motivation.

The Public Services (Social Value) Act passed in March 2012 sets out 'a national and local authority social enterprise strategy' in government procurement, stipulating that the government must take into consideration something called social value in the tendering process that service providers undergo. Organisations must demonstrate the social value they produce, and an organisation's capacity to produce such social value should be a central determining factor in the procurement of services. This could be read as an attempt to place the concern for social justice at the centre of policy-making in response to criticisms of neoliberal policy-making.[21] Where critics have drawn attention to the detrimental effects of neoliberal policy-making on society and the environment, the Public Services (Social) Value Act proposes a remedy in the advancement of a new more ethical, social economy.

An examination of the substance of the act raises a set of pertinent questions; rather than reconciling or even inverting the privilege of profit, does that act not actually facilitate the subsumption of collective forms of ownership and decision-making under a financialised logic that is premised upon a neoliberal ideology that extols competition, assuming the efficiency and effectiveness of the market, while equating resources with finance, and democracy with the market? Moreover, does the act not once again obscure the central relevance (and thus lived experience) of labour in its waged and unwaged forms, in the place of which a world of exchange relations enacted between customers and bservice providers is celebrated? To answer these questions, we must take a closer look at the specific ways in which the concept of social value is delineated and mobilised.

5. Social value as a metric for financialisation

Why is the neoliberal state so interested in social value? One reason concerns the state's historical role in ensuring the conditions for capital accumulation and, especially in the Keynesian welfare-state era, the reproduction of labour-power. With this in mind, it becomes possible to see how, in the *Public Services (Social Value) Act*, social value is defined for the purposes of procuring public services. Social value denotes the (positive) non-financial impacts and outcomes of programmes, organisations and interventions. Social value *as a metric* is used to *quantify* the extent that particular initiatives contribute to a better functioning, socially cohesive and environmentally sustainable society. With this social value metric, the government seeks to determine the wider benefits of a service when those benefits cannot be easily quantified in the standard monetary terms – a hospital treating people with health problems, a local library stimulating the creative and thinking capacities of young and old, a community centre offering workshops on how to save water or insulate houses, an eldercare programme, a nursery school, or a training course for unemployed youth. The values of such endeavours are difficult to quantify: their outcomes or impact are not 'outputs' akin to washing machines or cars which can be (relatively) easily tallied up and counted.

However, the difficulties of measuring social value have not prevented attempts to do just that. This is because the need to measure is paramount in the imperative to control an activity, to harness it and to profit it. ‘Everything can be measured, and what gets measured gets managed’, as the McKinsey adage goes. Without measure, no value can be established. Indeed, the whole point of determining social value is to devise proxies that can quantify units of social return on investment (SROI) in financial terms.[21]

Social enterprise and community organisations have at the heart of their operations a social rather than a profit motive. For this reason, the government states that it wishes to give such organisations better access to the procurement process and an advantage over corporate service providers. While a corporation tends to view its social responsibilities as at best an obligation to offset the ‘negative externalities’ of environmental pollution or social inequality, a social enterprise that not only delivers *but also measures* the social return on investment promises to provide the government with exactly what it needs: indicators of cost-saving and cost-efficiency. In tendering for contracts to provide services, the successful bid will be the one that credibly promises maximum social return for a given financial investment. Another way of approaching this is to use a variant of a cost-benefit analysis can quantify how much money is saved for the government – in terms on services it no longer has to provide – for every £1 invested. In times of austerity, this can offer a welcome metric to a state suffering its own fiscal crisis. Perhaps the most sophisticated expression of social value is through an innovative financial instrument, the *social impact bond*, an element of a new financial nexus that also includes financial institutions, such as Social Finance, Big Society Capital and a number of so-called *Social Investments Financial Intermediaries*, along with the practice of *social investment* itself. We explain this model using a hypothetical example.

Say there is a problem with ‘teenage delinquency’ in a particular neighbourhood. A ‘social entrepreneur’ might seek to address this problem by undertaking to set up a youth centre. This entrepreneur will probably hope to utilise voluntary labour – provided by concerned local adults – but even so, she or he will still require some money in order to obtain physical space for the centre and other resources. To finance this social enterprise, the social entrepreneur can approach a social investment financial intermediary (SIFI), which creates a social impact bond (SIB) to be sold to social investors, who may be companies or individuals, or indeed any other agent who wishes to purchase financial assets. In this way, our social entrepreneur obtains the finance needed to launch the youth centre – hopefully drawing young people ‘off the street’ and into some other more ‘productive’ activity and thus contributing to a safer community. A financial investor, of course, seeks financial returns, and if the social enterprise (the youth centre) is successful in engaging the community’s youth and reducing delinquency then those financial returns should be forthcoming. For a SIB is not like an ordinary bond, which pays a fixed rate of return; a SIB is instead an'outcomes-based contract': it pays by results, by the social value produced. The more successful the social enterprise, the greater the payment (return) received by its financial investors; and if the enterprise fails, then these investors will receive no return. In cases where the state is the commissioning body, the return on an SIB is paid by the state, but 'the public sector pays if (and only if) the intervention is successful. In this way, SIBs enable a reallocation of risk between the [private and public] sectors'.[22] Finally, financial investors do not always wish to hold financial assets in perpetuity – or until a bond matures. This is where a not-yet-created secondary market for social investment might come in: it would provide a forum in which social investors could trade already-existing SIBs.[23]

What demarcates the social investment market is its distinction from other forms of corporate social responsibility and philanthropy, where the ethical cause is external to the business model. For social investment, society is not a separate entity to take from or give back to, but a source of wealth to be harnessed. Hence, the Big Society is part of a different kind of 'venture philanthropy' – where the social or environmental impact is decidedly internal to the ways in which business seeks to create and capture value. *Philanthrocapitalism* as it has been coined, is about 'doing well by doing good' (Bishop and Green, 2010: 269; see also, Martin, M. 2011) in an understanding that investing in projects that are deemed ethical is not only a good thing to do for the benefit of society in general, there is also money to be made in the financial returns on investments that can be generated.

6. Conclusion: work in progress

The project to create a social investment market in the UK – what we have called the political economy of the Big Society – is a work in progress. The mechanisms we have outlined are still being developed and the legislation and institutions are very recent – Social Finance was only created in 2007, while Big Society Capital and the Acts and White Paper discussed in section 4 are even younger. The number of social enterprises that conform to the model is thus far very limited; in particular, only a handful of social impact bonds have been successfully issued. To date, few financial investors have been sufficiently confident in this form of investment to advance significant sums of money capital. We must therefore stress that the future of the social investment market in Britain is uncertain. Even more uncertain is whether the Big Society as political economy will 'work' in the ways that we have argued it promises to – that is, resolving, or at least mitigating, crises of capital accumulation (economic growth) and social reproduction, along with the fiscal crisis of the state.

But it is the very uncertainty of the social investment project's future that makes an adequate understanding of its logics so important. Moreover, the British state is also playing a leading role in the expansion of a global social investment market and social investment was one of the core topics at the 2013 G8 summit, the first time it has been discussed in this forum.[24] But the 'success' of the social investment model and its future will depend on the practices of social actors – on the responses of those whose activities the model seeks to harness (NGOs, community organisations, 'social enterprises' and so on); on the struggles of various social movements contesting austerity and other injustices; *and* on the activities of critical scholars and intellectuals, for the way that we (social scientists) interpret and analyse the political economy of the Big Society has the potential to shape civil society's response.

In this paper we have only been able to provide the briefest of sketches of what is at stake. The expansion of the social investment market is a global phenomenon that calls for further inter-disciplinary research in the social sciences. Examples of specific areas include, but are not limited to:

1. The financial institutions and mechanisms that are being developed, most notably equity and debt financing, social impact bonds and the development of a (global) social stock exchange, all coupled with the concepts of social value and social return on investment, and the way that financial-market discipline might thus embed itself more deeply in 'society';

2. The various metrics that are being constructed in order to measure social value;

3. The concrete effect on community projects and other 'social enterprises' that are subject to such financial-market discipline, what we have termed the financialisation of social reproduction;

4. The 'gender dimension' of big society as political economy, that is, the way in which the social investment model may further 'invisibilise' reproductive activities frequently performed by women;

5. The process of state commissioning of social projects and the government's relationship to global investment firms in whose interest society is being restructured by the state; and,

6. The activities of civil society (communities, social movements, NGOs, 'social enterprises') to contest financial-market discipline and the social investment model and how such activities might shape this model's future.

With the political economy of the Big Society, the question of social reproduction is renewed as a fault-line of the crisis – how, to what end and in whose interest is reproductive work performed? In fact it reminds us that 'work is *still* the central issue!' (Cleaver, 2002). One way that the social investment model harnesses the social in the pursuit of profit is by accounting for unwaged labour as an activity that produces social value, *not* as an activity that is coded as work. It is about the distinction between paid and unpaid work – or more generally, the distinction between remunerated and unremunerated activities: capital's lifeblood, is unpaid work, and the big society as political economy is an attempt is extend the realm of unpaid work that can be appropriated.[25]

Finally, it is about the antagonism between purposive human activity and capitalist work or labour. By 'harnessing the social', capital and the capitalist state are not only seeking to appropriate the value produced in social relationships. For a harness does not only capture energy, it also controls and disciplines. Social relationships produce *wealth*: a 'big society' can only appropriate such wealth by simultaneously transforming it into (social) value, and by subordinating human activity and social relationships to capital and by imposing work.

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1 http://www.youtube.com/watch?v=BQFwxw57NBI

2 http://ukuncut.org.uk/blog/what-is-a-bail-in.

[3] Drawing on Cohen (1972), Hall et al. (1978) used the term 'moral panic' to designate how emotive representations of social phenomena, e.g. violent street crime, serve to obscure the structural conditions of social, economic and political crisis. We identify a similar phenomenon, but wish to point to the ways in which a notion of 'crisis' now constitutes a hegemonic discourse, evoking images of social breakdown, stagnation and depression, where 'panic' elicits a more spectacular image of anxiety and neurosis. For our purposes here, key is that the designation of social problems as 'moral' channels any consideration of their cause, as well as any proposals for their solution, into the realms of individual behaviour as opposed to social, economic and political structures.

[4] This term is first coined in the 1960s and 1970s within Italian *Operaismo* and Marxist Feminism (Dalla Costa and James, 1974; Weeks, 2011: 118–122). It has received considerable attention in current critical scholarship and debates regarding the real subsumption of society under capital and the rise of immaterial and affective labour (Dowling et al., 2007; Gill and Pratt, 2008).

[5] What De Angelis (2006) has referred to a 'values struggles'.
6 Following Bryan et al. (2009), we understand financialisation not merely as a process involving 'the increasing role of financial motives, financial markets, financial actors and financial institutions' (Epstein, 2005: 3), but one which is transforming class relations, altering the reproduction of labour-power such that this circuit now typically starts with credit not commodities, and introducing a 'competitive calculus' into everyday decisions – the so-called 'financialisation of daily life' (Martin, 2002).

7 http://www.bigsocietycapital.com/what-social-investment; our emphasis.

8 http://www.bigsocietycapital.com/social-investment-market.

9 Big Society Capital (BSC) will not in fact invest directly in social enterprises; it is instead a 'wholesaler', investing in so-called Social Investment Finance Intermediaries (SIFIs). But of course the terms on which BSC invests in SIFIs will condition the return required of social enterprises by these SIFIs.

10 http://www.theguardian.com/society/2012/nov/18/families-rising-food-prices-budgets.

11 http://www.theguardian.com/society/2012/jun/19/breadline-britain-hungry-schoolchildren-breakfast?

12 http://www.labour.org.uk/the-cost-of-living-crisis-facing-britain---ed-miliband.

13 See Caffentzis (1999).

14 Dalla Costa and James (1972), Fortunati (1995), Federici (1975) are foundational texts; see also Molyneux (1979), Hartsock (1998) and Federici (2004; 2012), Barbagallo and Federici (2012);Weeks (2011).

15 'Slang makes youth "unemployable"', BBC 11 March 2004; http://news.bbc.co.uk/1/hi/business/3501356.stm.

16 Perhaps most worrying for capital is that 37% of the surveyed employers reported that they were 'not satisfied' with school/college leavers' 'positive attitude to work' (CBI, 2012: 32).

17 http://www.bigsocietycapital.com/how-we-invest/nesta-impact-investment-fund.

18 http://www.bigsocietycapital.com/how-we-invest/department-work-pensions-innovation-fund.

[19] http://www.socialfinance.org.uk/about/how-we-work.

20 http://files.openpublicservices.cabinetoffice.gov.uk/OpenPublicServices-WhitePaper.pdf. For annual updates on implementation progress since 2011, see: http://www.openpublicservices.cabinetoffice.gov.uk/.

21 See http://www.thesroinetwork.org/.

[22] http://www.socialfinance.org.uk/work/sibs.

23 June 2012 saw the launch of the Social Stock Exchange; this institution may become a secondary market for SIBs; at present however its aim is merely 'to provide investors with the information they need to identify and compare those organisations that deliver value to society and the environment' (http://www.socialstockexchange.com/what-we-do). The question of the *measurement* of social value is a difficult one, in practice as much as in theory; we hope that, over the next few years, critics of social investment pay as much attention to it as its advocates.

24 See http://www.g8.utoronto.ca/summit/2013lougherne/factsheet_socialinvestment.htm and also UK Government (2013) 'Growing the Social Investment Market', archived at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/205295/Social_Investment_Strategy_Update_2013.pdf.

[25] The broadly Marxist feminist references cited in footnote 13 are useful in distinguishing between waged and unwaged labour on the one hand and paid and unpaid work on the other.

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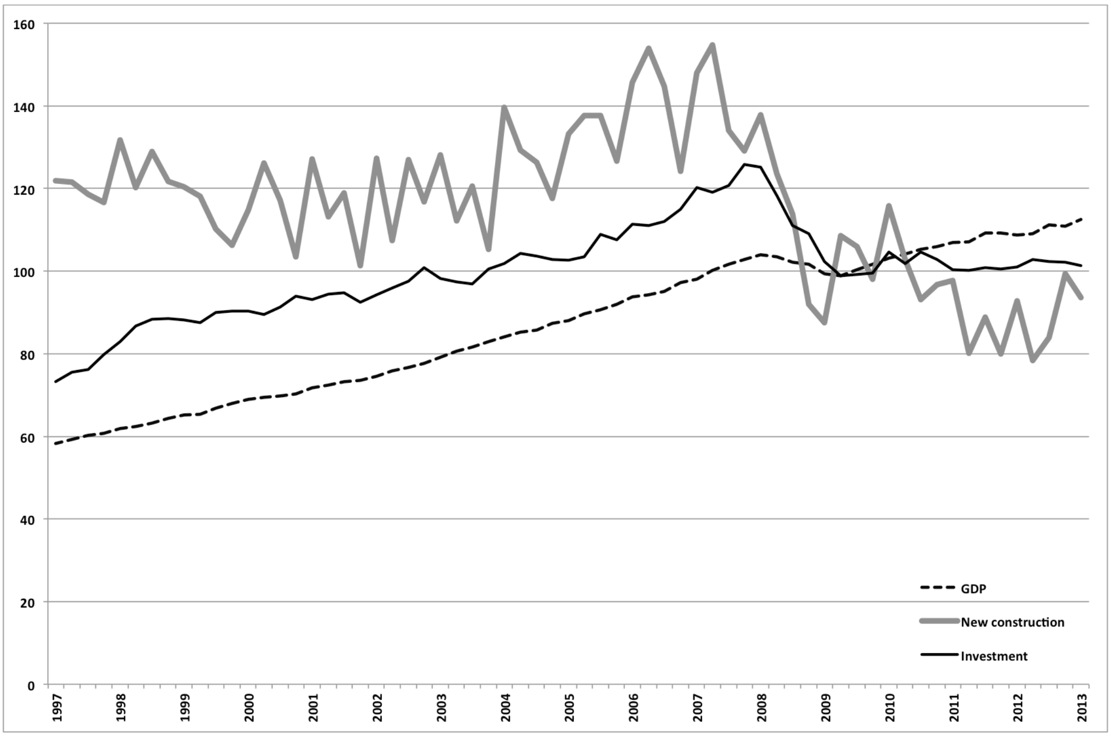

Figure 1. Output and Investment, UK 1997–2013, 2009=100
Source: Office for National Statistics

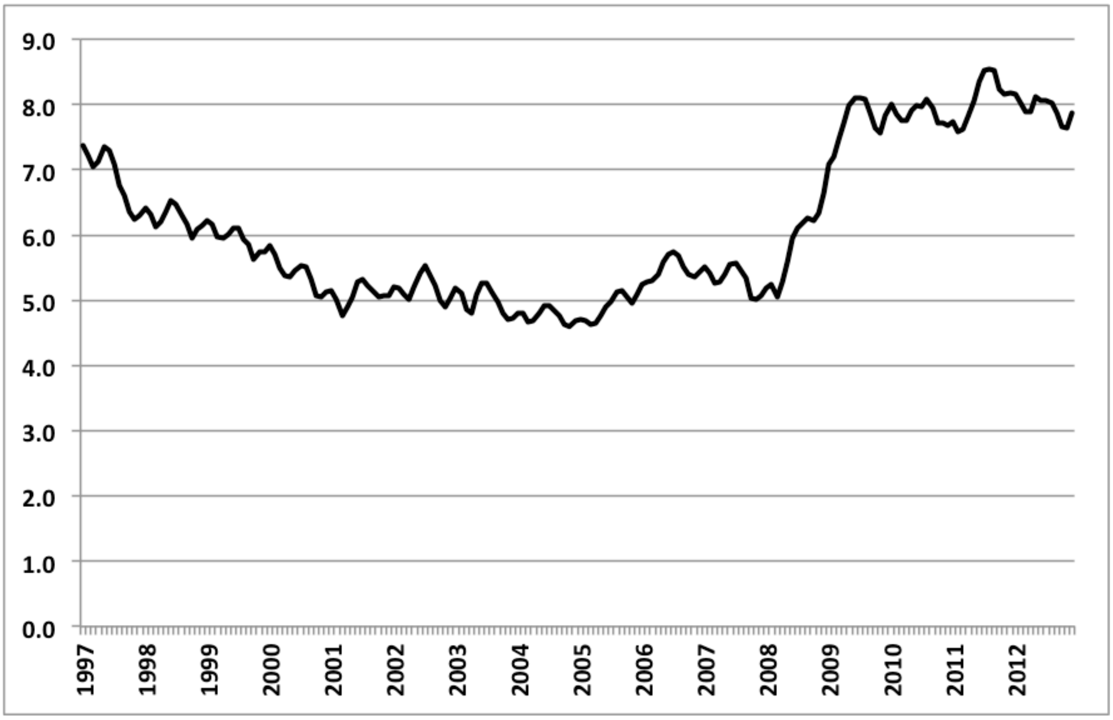

Figure 2. Unemployment Rate, UK 1997–2013, %

Source: Office for National Statistics [*Labour Market Statistics*, April 2013 release; unemployed as proportion of labour force, all aged 16 and over (MGUK)]

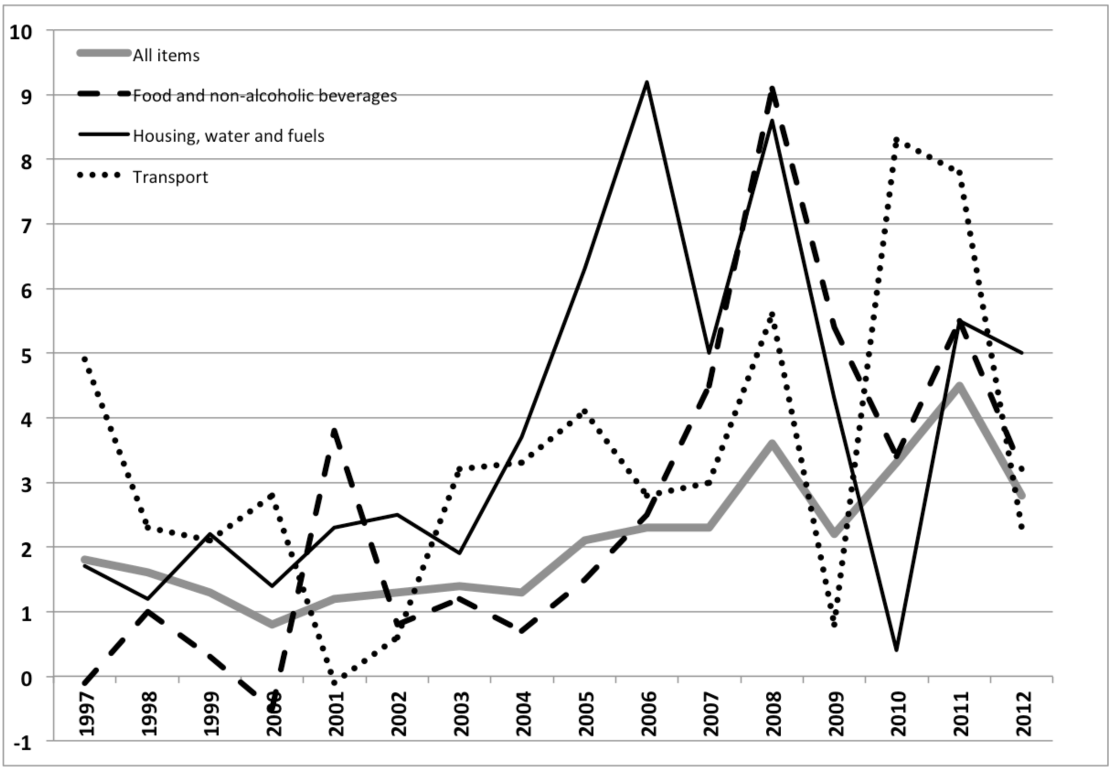

Figure 3. Consumer Price Index, UK 1997–2013, annual change %

Source: Office for National Statistics [*Consumer Price Indices – Series*, 16 July 2013 release; http://www.ons.gov.uk/ons/datasets-and-tables/data-selector.html?table-id=1.2&dataset=mm23]

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