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Neo-liberalism and continuing vocational training governance in the UK: an examination of three theoretical accounts

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Abstract: The paper analyses continuing vocational education and training policies in the UK in the period 1979-2010 with a focus on regulation and governance. It reviews Conservative and Labour party policies to ascertain their principal components and explore their evolution through time. More specifically, the paper reviews the paradoxical existence of three seemingly opposed accounts of recent dynamics in the management of continuing vocational training: one that sees it moving inexorably to the political right, one that emphasises the singularity of social-democratic policies and one that focuses on the difficulties of any movement, towards the political left or right. The paper concludes that while there has been a degree of convergence between right and left, differences remained in terms of their favoured institutional decision-making structures. However, Labour played a two-level game, which combined the establishment of new channels for dialogue and coordination with key stakeholders, with a limited scope for meaningful stakeholder input to policy.

1.0 Introduction

During the last decade or so, three major accounts of the relationship between neo-liberalism and education and training have developed within the political science literature. The first account argues that neo-liberalism is increasingly embedded in public action in Continuing Vocational Training (CVT), and has become the only available way for governments to proceed (Crouch et al. 1999). A second account sees skills formation systems as being resilient to neo-liberal changes, because of entrenched national structures and established institutional complementarities that make movements difficult (Hall and Soskice 2001). A third account emphasises agency and the capacity of stakeholders to adopt social-democratic policies in education and training (Boix 1998; Iversen and Stephens 2008). A strand of the literature on political parties' ideologies that reports persisting differences between left and right parties concurs with such argumentation (cf. Mair 2007 for a review). As explained in more detail below, this is also the view of the authors associated with the 'Third-Way' (Giddens 1998; Giddens and Diamond 2005), even though they claim to disavow ideology and reject the old division between left and right in favour of 'what works'.

Although the three strands aim to apply to skills formation systems as a whole, only Crouch et al. devote significant attention to CVT. Hall and Soskice chiefly look at formal education whereas Boix looks mostly, at least in his empirical analysis, at active labour market policies. The lack of coverage of CVT is striking. Continuing vocational education and training embodies one of the main dilemmas of contemporary politics (Crouch 1998): whilst it is viewed as a matter of public concern, its provision is not in the gift of the State alone. The State depends on private and community stakeholders for the demand for skills (Souto-Otero 2007). It thus provides a key area to test claims about the convergence towards neo-liberalism; if convergence cannot be found here, it is unlikely to be found in other areas of education, where government has greater independence.

The paper reviews 'New Right' (1979-1997) and 'New Labour'¹ (1997-2010) policies in CVT to ascertain their principal components and explore their evolution through time. The paper has two main aims and one underlying contention. It aims to examine the extent to which the three political economy accounts outlined, which are often seen as exclusive, can in fact offer a coherent narrative of the policies adopted in the UK in the period 1979-2010 or whether they are, essentially, incommensurable. In order to do this, the paper complements political science literature, which tends to remain at an abstract level and focus on stylised facts, with a substantial body of educational research on this subject.

Second, building on political science literature on stakeholder coordination and decision-making, the paper aims to moderate the mainstream interpretation of the education literature on CVT policy. There is a rich body of educational research in this area, and the reinterpretation is not radical, but it is significant. Educational

¹ In this paper 'Labour' and 'New Labour' are used interchangeably to refer to the Labour party in the period 1997-2010.

scholars have tended to use a broad brush in the analysis of CVT policies and have tended not to conceptualise sufficiently the qualitative changes in stakeholder engagement that occurred under Labour. The paper argues for a more nuanced analysis than a simple division between market and State models of decision-making in CVT. Finally, the underlying contention of the paper is that greater dialogue between educational and political science scholars would yield significant benefits to our understanding of CVT policy.

Two clarifications are required. The paper does not attempt to identify an optimal model of CVT management. Second, although I refer to the UK in the paper, some of the arguments apply mainly to England (cf. Payne 2009). The structure of the paper is in five further sections: section two provides conceptual clarifications; section three reviews three theoretical accounts of the relationship between neo-liberalism and CVT; sections four and five present an analysis of the situation in the UK, respectively, during the Conservative and Labour governments; and section six presents my conclusions, which summarise the identified trends and discuss their causes with particular reference to globalisation, institutional and median voter arguments and Labour electoral strategies.

2.0 Neo-liberalism in continuing vocational training

Neo-liberalism is not simply an ethic in abstracto. The locus of its influence has become the 'neoliberal State'. Political scientists and political sociologists characterise neo-liberalism by a set of properties such as the promotion of free competition, deregulation, privatization, internationalisation, consumer choice, tax reductions and the use of market proxies in the public sector (Cerny 2008; Jessop 2002). Yet if something emerges from this work, this is the complex nature of the concept and the multiplicity of manifestations it can take (cf. Harvey 2005). By

contrast, most work on CVT policy, both from political science and education, takes neo-liberalism as a given, without dwelling too much on its properties. A good deal of it simply derives its notions of neo-liberalism from empirical observations, assuming that certain institutions are neoliberal just because they are found in certain countries, in particular the USA and the UK (Crouch 2005:441). In other words, the work on CVT policy tends to gloss over concept formation before discussion and quantification (Sartori 1970).

Each of the three strands of literature outlined in the previous section devotes only marginal attention to the definition of CVT neoliberal policies, and general neo-liberal attributes such as ‘internationalization’ or the ‘lowering of direct taxes’ *per se* are not terribly relevant regarding CVT. Boix mainly concentrates on the identification of different investment patterns, to conclude that neo-liberal policies are characterised by low public *investment* in education and training. Hall and Soskice devote most of their attention to the linkages between CVT and other parts of the political economy, rather than dwelling on the internal characteristics of CVT systems, which are outlined only schematically. They underline the importance of the *nature* of the training offer in coordinated and liberal economies. Whereas skills provision is highly specialised in coordinated economies, it is generic in liberal economies. Crouch et al., on the other hand, use ‘neo-liberalism’ to denote particular types of investment, *organization* of public policy provision and distribution of decision-making powers. Neo-liberal policies try to restrict collective action through deregulation and to stimulate private investment in CVT by individuals and firms, in order to maintain low social spending levels (Crouch et al. 1999:4-5;128). Organisationally, neoliberal policies turn ‘departments of government into analogues of firms, acting in the market and therefore no longer possessing the capacity for collective decision-making’ and emphasise voluntary industry skills standards in training (Crouch et al. 1999:11;21). Governments operate through new public management techniques and targets. In

terms of the distribution of decision-making powers, a more ambiguous position emerges, as centralization is portrayed as a social-democratic and neoliberal trait. Neoliberals can employ centralisation as a first step to taking power away from corporatist institutions (King 1993), before implanting market-oriented approaches later, and also to indicate that interventionism outside welfare policies is accepted (Crouch et al. 1999:133).

In spite of the sketchy treatment of neo-liberalism in CVT, two important aspects emerge. First, the different conceptual foci of these three accounts can help to explain the different conclusions to which these works arrive, although not fully. While there is a degree of incommensurability in the ways in which neo-liberalism is constructed in the three accounts, there are also commonalities in how they view neo-liberalism, regarding both its aims and its means. The overriding neo-liberal aim is that individuals and employers become the main decision-makers in CVT. They should have responsibility for CVT regulation and financing, as a means to achieve those aims. In terms of regulation, the freedom of choice of employers and individuals should be maximised, whereas the State and trade unions (TU) should have a marginal role. In terms of financing, those who make training decisions and benefit from them (individuals and employers according to neo-liberal accounts) should pay for CVT. This seems to be the composition of the 'genus' of the concept, shared by the three accounts, which then add other properties to the concept to create their particular species of neo-liberalism.

This genus is the particular starting point for this article. It is used to explore the comparative advantages, disadvantages, complementarities and incompatibilities of the three accounts exposed. The analysis concentrates on regulation patterns given existing limitations in panel data on public investment on CVT in the UK. The paper refers to 'policy trajectories' (Ball 1993), and reviews policy texts, the contested

nature of policy actions and the role of different stakeholders in the policy process. In my own assessment I shall make use of an analytical frame on decision-making structures provided by the political science literature that explores degrees of coordination and corporatism in advanced industrialised countries. While the location of decision-making powers is vital in the definitions of neo-liberalism in CVT reviewed above, the three accounts tend to resort to dichotomous views of State and social partner involvement, focusing only on two extremes of a much richer continuum (cf. sections 4 and 5 below). While this has, undoubtedly, analytical advantages, in particular in comparative research of the type undertaken by Hall and Soskice, Boix and Crouch et al., it also has shortcomings when trying to explain within-country differences through time – as this paper attempts - or indeed the positions in countries that lie between the “model” cases, toward which comparative work tends to gravitate (UK, USA, Germany).

Building on the work of Hollingsworth et al. (1994) I distinguish four types of coordination in decision-making: first, hierarchies of capitalist enterprises, where the State only stands as an enforcer of pro-market rules; second, community networks characterised by stakeholder information sharing for decision-making, even if a common culture between different stakeholders has not been created and for whose success an effective facilitating State or non-State association is important; third, formal associations of economic actors, normally corporatist institutions; and fourth, direct government action. Using this typology as a reference point for the empirical analysis, in the following sections I check the extent to which neo-liberalism – associated with the first type of coordination - has become pervasive in the governance of CVT in the UK.

While coordination in decision-making is important, a second aspect to consider is the rationale of government and issues of power to enforce. Throughout, I refer to

“governance” rather than governmentality. The governmentality approach is not based on a transfer of power (as governance is), but a different logic of government whereby civil society ceases to be a passive object of government to become both an object and a subject of government (Foucault 2003). Institutionalised forms of political authority become more de-centralised and diffused, with the State playing a strategic but not necessarily dominant role (Sendin and Newmann 2006). This paper argues that while Labour claimed to move towards a “governmentality” approach to CVT management, it fell short of this. Labour’s partnership approaches, at least formally “invited”, rather than obliged, the adoption of certain conducts. It deployed new possibilities of agency and new relations between individual agency, representative organisations and political structures. “Offering” individuals and collectivities active involvement to resolve the kind of issues hitherto held to be the responsibility of authorized governmental agencies resulted in a new form of responsabilisation (Sendin and Newmann 2006). However, Labour did not provide stakeholders with the means to fulfil their responsibilities, making the real outcomes of stakeholder involvement limited. Moreover, the Labour government continued to exercise a tight direction on policy.

3.0 Neo-liberalism and continuing vocational training trajectories: three accounts

This section reviews in more detail the three accounts of the relationship between neo-liberalism and CVT I have outlined. The first account sees neo-liberalism on the ascent, as private agencies become more demanding and mobile and less willing to accept interventions and mandates from public bodies (Crouch et al. 1999). Whilst public regulation would seem increasingly justifiable to correct market failures in CVT given its tighter than ever relation to national economic competitiveness and the reduction of 'new social risks' such as long-term unemployment (Taylor-Gooby 2004), governments of left and right are seen as increasingly unable to enact regulatory reforms due to lack of will and/or credibility to intervene (Glyn 2006). It is not that governments are incapable of action in CVT; they have the legal and fiscal instruments for action, but find it increasingly difficult to make use of these instruments (Ohmae 2005). The internationalization of capital markets causes a reduction in the macroeconomic steering capacities of governments (Scharpf 2000); growing levels of transnational investment and competition from low-wage countries strengthen the structural power of capital and undermine the capacity of governments to pursue distinct social policies (Gough and Farnsworth 2000).

The 'varieties of capitalism' (VoC) literature, by contrast, emphasises continuity in the structuring of national economies and persisting differences in countries' strategies for international competition and survival. VoC asserts that 'institutional complementarities' sustain differences that 'lock in' educational systems to particular paths: 'a particular type of coordination in one sphere of the economy should tend to develop complementarity practices in other spheres as well' (Hall and Soskice 2001:12). Configurations of complementary institutions are subject to positive feedback loops, whereby the interdependent web of an institutional matrix produces increasing returns (Pierson 2000). The literature on VoC thus argues that differences between countries will continue due to their initial institutional configurations. VoC differentiates between liberal market and coordinated market economies.

Coordinated economies make use of specialised skills to compete in highly customised product markets and rely on education and training systems that can provide that type of skill. By contrast, liberal economies have fluid labour markets, which encourage individuals to acquire general skills so that they can easily change jobs. Companies and countries look for their comparative advantages, thus avoiding trends of convergence. Governments face similar external pressures, but also internal constraints and opportunities to deal with those (Howell 2003). Instead of neoliberal retrenchment across the board we could expect path dependency that makes it difficult to change CVT systems given the institutional context in which they are embedded. Recent works by Crouch et al. (2005) and Hall and Thelen (2009) have tried to better accommodate notions of institutional change, power and agency within the VoC approach, by looking at coalitional analyses that acknowledge the constraints put on actors by existing institutions. In fact, in this more recent specification, it is coalitions that take the driving seat in explaining institutions. However, in order to preserve a degree of coherence with previous VoC work, Hall and Thelen (2009) maintain that distinct national trajectories have so far been maintained.

Empirical analyses by Boix (1998) and Iversen and Stephens (2008) add to this complexity by arguing that political parties have more than a marginal role in determining economic and 'human capital' formation policies. Boix reviews the alternative strategies of left and right wing parties in the pursuit of economic growth. Left-wing governments impose higher tax rates to fund heavy spending in infrastructure and human capital formation, to raise the productivity factors and the competitiveness of the economy, as well as equality. Right-wing governments rely on private agents to stimulate economic growth, believing that low taxes lead to greater private savings, which result in greater investment to raise competitiveness and standards of living. Although Boix concedes that globalisation and the organisation of

the domestic political economy place limits on the capacity of parties to affect demand-side Keynesian macroeconomic policies, he contends that supply-side policies are different. Neither the claim that the structure of the labour market nor the claim that globalisation are decreasing the choices for supply-side measures is warranted. Boix takes on the argument that a centralised organisation of the labour movement is crucial for the implementation of left supply-side policies by arguing that while labour cooperation is required to ensure the success of expansionary macroeconomic policies and full employment without accelerating inflation, public investment policies can be developed without the support of unions through balanced monetary and fiscal policies. On the other hand, he expects that threat of 'capital exit' does not affect supply side policies, since these can be designed to attract capital through the boosting of productivity and competitiveness (see also Swank 2002). Public supply side policies thus can be market-friendly and this is, for Boix, precisely the point of social-democracy. Some authors have gone even further and predicted not only that social-democratic strategies continue to be viable, but also that liberal countries will face greater difficulties than 'social-democratic corporatist' countries in a globalised economy, because they in fact depend on capital taxes more heavily (Hays 2003).

The Third Way largely adheres to this third account. For Giddens, a distinctive element of the Third Way as part of a new 'social investment state' is investment in human capital rather than the provision of material resources – the tenet of the 'old welfare state' - which is viewed as incompatible with a competitive economy. Education thus became 'the new mantra for social-democratic politicians' (Giddens 1998:109) a tool, first, for economic development and, second, for social inclusion, understood as inclusion in the labour market. It is also a tool for a New Egalitarianism, based not on the 'redistribution of opportunity' (Giddens and Diamond 2005) that enables both self-realisation and the creation of wealth in the knowledge

economies. Giddens is not in favour of low taxes and low public investment, only lower investment in the 'old welfare state' functions to be redirected to different areas. New Labour aimed at education and training reform, following theories of endogenous growth and adopting human capital development as a panacea enabling the UK to compete in the global economy (Brown et al. 2011; Leitch 2006).

I move on to examine these theories through an analysis of the case of the UK in sections four and five. The examination builds on the detail provided by the education literature, and focuses on both decision-making instances and regulation in CVT, factors that the examination of the three accounts has identified as being at the core of the definition of neo-liberalism.

4.0 The Conservative Government (1979-1997)

Before the Conservatives gained government in the late 1970s, the UK CVT system was dominated by Industrial Training Boards (ITB) that administered a general training levy, and the Manpower Service Commission (MSC), a quasi-State department with inputs from both employers and unions, that was responsible for the development of a central training policy and for administering the funds of ITBs.

Within this tripartite system of governance of CVT, employers, trade unions and government played a fairly equal role (King 1993). Immediately after its election in 1979, Thatcher's government did not pay great attention to educational issues. However, they gradually acquired a higher profile. Action in this area could show to the electorate that the Conservative government was acting to address social inequalities (Pierson 1996), and could make clear the benefits of extending the free-market model into social policy. During the 1980s the UK's tripartite system was dismantled and the existing training levy was abolished (Stevens 1999), conforming to the preferred deregulatory approaches expected from neoliberal policies.

In the early 1980s, most ITBs were transformed into voluntary employer-led organizations: Non-Statutory Training Organisations (later rebranded as ITOs, Industry Training Organisations), which were poorly resourced and devoid of the power to raise levies. TU involvement was by invitation only. They were maintained through voluntary employer fees and their functions were limited to the provision of information and employer exhortation to train more (Payne 2008). Following a second major reform in the late 1980s, with the creation of Training and Enterprise Councils (TECs), the remaining ITBs became non-statutory training organizations². The Conservatives argued that ITBs had not addressed the under-provision of training in companies and had only been successful in encouraging 'outdated' apprenticeship training (Greenhalgh 1999).

TECs soon assumed the responsibilities of the MSC, after successive electoral successes gave the Conservatives confidence to end the tripartite system, and the economic problems faced by the UK shifted the interests of employers and TU away from training to more pressing issues (King 1993). Several TUs, devoid of the power they had under the previous system, refused to work with TECs although the majority of unions desired to collaborate with them, to assume at least some role in policy formulation and delivery. TECs, however, became deliverers of government policy, and focused their activities on the increasing numbers of unemployed people, decreasing their engagement in further workforce development (Robinson 1996). TUs became, effectively, out of the skills game.

The Conservatives introduced centrally defined, non-binding standards such as 'Investors in People' (IiP) and the national targets for adult learning. IiP, a national standard of good practice for training and development, started in the early 1990s as

² The sole exception was the Engineering and Construction Industry Training Board that retained its power to raise a training levy from member companies.

a central feature of the Conservative's training policy (Hoque et al. 2005). It required employers to identify skills gaps in their own organization and device training plans to improve their performance. Organisations meeting the assessment criteria are rewarded with recognition by the lead body – liP UK (Hoque 2003). Even though the standard survives – making it a rare case as a long-standing initiative in CVT in the UK - the scheme often recognises procedures that existed for years without encouraging new training (Bell et al. 2001). Similarly, the Conservatives' targets for adult learning, introduced in the early 1990s, were not accompanied by funding to stimulate their achievement. The only methods employed were exhortation of individual workers and employers, which proved insufficient.

Finally, central government removed Further Education (FE) Colleges – which have a significant role in CVT - from local authority control, and used its increased role in FE college financing to implement significant budget cuts (Simmons 2009). By the mid-1990s the UK's CVT system had been profoundly transformed towards a neoliberal system. The system, after the withdrawal of control from TU and local authorities, relied on defined market hierarchies for its operation, with a degree of central government directions. The tripartite system no longer existed and social partnership approaches in the design and governance of CVT had been abandoned (Keep 2006a). Trade unions became much weaker and were regularly excluded from policy-making in CVT (Goodwin et al. 1999). Their membership decreased significantly, from their peak in 1979 to cover less than a third of UK employees, mainly employed by the public sector. Collective bargaining, moreover, had for a long time excluded the statutory right to negotiate on learning issues (Clough 2011). Coordination took place on an ad-hoc basis, depending merely on the will of firms, who also decided whether to subscribe to government-set national standards. The UK was locked in a 'low-skills equilibrium' (Finegold and Soskice 1988) in which

businesses did not invest in workforce development, as other strategies for profit maximisation continued to deliver short-term results (Keep and Mayhew 1998).

5.0 The 'New Labour' Government (1997-2010)

Much of the educational literature sees the Labour government period from 1997 as a continuation of Conservative policy, and essentially neo-liberal (Power and Whitty 1999; Coffield, 1999a, 1999b; Wood 1999; Lloyd and Payne 2007; Payne 2009).

After reviewing New Labour policy, Lloyd and Payne (2007:64) appropriately conclude that while giving unions a higher profile in CVT than they did during the Conservative years the changes implemented fall short of what might be reasonably described as (tripartite) social partnership. Yet, what is it? It is one thing to suggest that Labour policy was not based on social partnership, and a different thing to suggest that Labour continued the Conservatives' neoliberal CVT policy. I argue that Labour moved towards community networks as platforms for decision-making. The analysis reviews the intended regeneration of employer organisations and TUs and the role given to individuals.

For community networks to operate in CVT representation of employers and workers needed to take place and stronger intermediary organisations had to be regenerated or created after their dismantling in the 1980s and 1990s. National Training Organisations (NTOs) replaced the Conservative ITOs in the late 1990s as employers' representatives on training issues, but they suffered credibility problems (Payne 2008). Sector Skills Councils (SSCs) replaced NTOs in the early 2000s. SSCs had a more plural composition and in some respects were reminiscent of the type of networks seen in coordinated market economies (Martin and Knudsen 2007). They had the potential to provide a more representative employer voice (Keep 2006b). While SSCs led to greater coordination, their potential as associations of

economic actors should not be exaggerated: they were government licensed and funded, followed governments' agenda and targets and were not widely recognised by employers (Humphries 2006).

In the late 1990s, as the economy improved, TUs turned to training issues again, under their *Bargaining for Skills* programme. As part of this, the Trade Unions Congress (TUC) pledged support for the National Targets for Education and Training, which Labour adopted to make Britain competitive internationally. Labour's 'partnership' approach with TUs aimed to avoid a return to a confrontational system of industrial relations, and was strongly supported by some trade unionists themselves. TU became 'brokers' to encourage learning. They were given representation, albeit limited, on most of the VET institutions created by Labour, such as SSCs, the LSC and the National Skills Alliance (Lloyd and Payne 2007). While the practical value of the partnerships beyond exhortation has been questioned (Charlwood 2004), Labour used some mechanisms to try to support the role of TUs on CVT issues, such as the statutory recognition of Union Learning Representatives and the Union Learning Fund.

Union learning representatives (ULR) provide advice, guidance and support to colleagues in activities related to learning and bargain with employers on training issues. They became important in the development of working relationships between capital and labour to facilitate employee learning (Vind et al. 2004). This did not impose statutory obligations on employers, such as the obligation to give time-off for training (Wellis et al. 2005). Yet, moving to a more consensual approach, ULRs received statutory backing. This reversed the tendency of the two previous decades of 'government hostility and antipathy' towards TUs on skills development issues (Wellis et al. 2005:283-284). Complementarily, a Union Learning Fund (ULF) was created in the late 1990s that made modest amounts of money available to TUs for

development work with employers or training providers, a scheme that has been reasonably successful to date (Taylor 2005). Unions also played a role in the delivery of initiatives with lower organizational bearing but considered Labour flagships, such as University for Industry (Ufi) and the extinct Individual Learning Accounts (ILAs) – cf. below in this section.³ They became more significant stakeholders within the government agenda for post-16 learning (Forrester and Payne 2000).

Unions also supported Labour in its reshaping and centralization of CVT through the creation of the Learning and Skills Council (LSC) in 2000, a single non-departmental public body responsible for the whole range of publicly-funded post-16 education and training – except higher education. Although the LSC could not be conceived as a return to the tripartite system (Coffield 2000) it was much more plural than the TECs (Ramsdem et al. 2004). At least in its early years the LSC adopted a planned and unified approach, which reflected the stronger emphasis New Labour placed on learning and skills compared to the Conservatives (Steer et al. 2007), although it later moved towards a more top-down market-oriented model of governance. From 2005 the emphasis on central direction and micro-management from the Ministry, target setting and provider competition accentuated, with the aim of creating a system that was more ‘responsive’ to the needs of individuals and employers (Hodgson et al. 2008). In 2010, the LSC was substituted by the Young People’s Learning Agency and the Skills Funding Agency (SFA) to more closely meet the needs of employers and employees as defined by government (Avis 2009). However, as Hodgson et al. (2008) have argued, without a wider social partnership framework and measures such as sectors’ levies or tax concessions to employers, there will always be limits to

³ In July 2010, the Department for Business Innovation and Skills published: “*Skills for Sustainable Growth*” a consultation on the future direction of skills policy. This indicates that BIS were considering the creation of Lifelong Learning Accounts (LLAs), which every adult could use when beginning any new learning. John Hayes’ announced forthcoming consultations on this issue in a speech at Warwickshire College on June 15th 2011.

how much the reform of policy structures could help to meet Labour's targets for workforce development.

While TUs have regularly called for a new 'post-voluntary' or statutory framework over training they have been accommodating and willing to collaborate with Labour in partnership approaches, which is a result of TUs' current high levels of dependence on government funding. Towards the end of the Labour period in office criticisms had turned towards to unions themselves, for their insufficient challenge of Labour assumptions regarding training and for not advancing a broader agenda to raise the demand for skills (Shelley 2008; Lloyd and Payne 2007). Instead, they have come to support government in their delivery of policies that conform to employers' predilections (McIlroy 2008). While the existence of a new institutional setting provided TUs with greater voice than in the previous period their weakness after Thatcher meant that they had limited scope for choice or influence.

Labour also sought a new contract with individuals based on the redefinition of their rights and responsibilities, based on its particular view of education and training and its relationship to the global economy. According to New Labour, the unbridled individualism and neo-liberalism of the Conservatives focused on individual rights, but not responsibilities, which is fundamentally flawed. Providing individuals with opportunities places obligations on them to make use of these (Prabhakar 2002). On the other hand New Labour substituted 'old Labour's' equality discourse by a social inclusion discourse, where exclusion is seen as non-participation in the labour market, and is associated with individual skill deficiencies or cultural deficits and self-government. The decision-making power was thus also directed towards the 'individual', accountable towards the community, as represented by the State. Up-skilling became a civic duty. As long as skills are defined as the only key to employment and individuals are held responsible for the development of their skills,

unemployment becomes their fault. The one-sided emphasis on the supply side of the economy and skills development (ignoring the demand side) has been one of the main criticisms faced by New Labour skills policy (Keep 2006a). While the availability of skilled labour is one aspect that motivates businesses to locate, other factors such as its cost are important too, in particular as emerging economies upskill too (Brown et al. 2011). This makes the supply-side measures that New Labour defended less prone to guarantee economic success on their own. As Coffield (1999) notes, Labour initiatives such as Ufl and ILAs transferred the responsibility for remaining 'employable' onto individuals, who do not have the power to remove the structural barriers which prevent them from learning or obtaining employment. New Labour thus came to 'blame the victim'.

In its last stages in government, Labour's move towards greater reliance on employer and employee community networks was accompanied by a move towards a 'new localism', in which the State placed a renewed emphasis on the local level to increase accountability and address political centralism and 'democratic deficit' through the recognition of user voice in the shaping of public services (Newman and Clarke 2009). Engagement under 'new localism' was somewhat superficial, as discussions took place in reference to goals predetermined centrally by government. However, it involved new forms of accountability, questioning and on-going exchanges between public service providers and the relevant public (Avis 2009). This points toward a dialogic engagement of constituents or stakeholders (Glesson et al. 2005). While 'new localism' transcended pure market narratives and consumerist concerns but, like other Labour initiatives, it also embedded pluralist assumptions of rationality and consensual policy-making, at the expense of contestation.

6.0 Conclusions

This paper has outlined recent theoretical debates in relation to the constraints faced by governments to implement other than neoliberal policies in CVT, an area which provides particular challenges for government intervention given the existence of vested interest of other stakeholders and the absence of direct governmental control. Three strands in the literature highlight, respectively, an almost structural impossibility for government action except towards neoliberal positions; the possibilities of agency and resulting differences between conservative and social-democratic parties in the management of the supply side of the economy (the account with which the Third Way is more attuned), and the difficulties of any change process due to institutional complementarity. They have been often taken as incompatible views.

The first aim of the paper was to examine the extent to which these accounts are mutually exclusive or can offer a complementary view on long-term trends in the adoption of neo-liberalism in the UK. While part of the explanation of the different findings of the three accounts resides on the somewhat different definitions of neo-liberalism they use, it is the difference in their explananda that is most important. Much of the political partisanship literature assumes that the right-left axis (and the preferences of those on either side) is a constant, by contrast to the neo-liberalism literature, which highlights that *all* political elites (right and left) have moved in a market-friendly direction. The existence of these different accounts should not be seen, then, as paradoxical contrary to what is commonly assumed. The paper has indeed shown, taking a 'core' definition of neo-liberalism derived from the three theoretical accounts, a narrowing in the differences between Labour and Conservative parties' management of CVT issues, and that this has been due to a movement of Labour to the right, even though differences do still persist. This is

consistent with studies that have questioned the unidirectional nature of development towards neo-liberalism in countries such as Italy, Spain, Ireland and Portugal (see Royo 2007). Together, these analyses show that at least some degree of local interpretations of global paradigms is possible (Ball 1999). The neoliberal convergence and the partisanship literature, in fact, could be seen to offer only partial explanations of current trends in CVT if taken separately. This is something that the educational literature in particular needs to consider more carefully, as it has overwhelmingly tended to emphasise Labour's continuation of Conservative's CVT policy. In this regard, more research is needed that uses insights from these two strands of the literature in conjunction. This would help to more clearly identify the point from which current developments would lead the left to lose its identity, and how the left can create new narratives to expand its political room for manoeuvre, in particular as the Conservative Party tries to further squeeze the centre with its recent turn to "compassionate conservatism" (Olasky 2000).

The VoC approach, on the other hand, needs to be overhauled to incorporate more dynamic elements and wider decision-making models. Although VoC concedes that other actors than firms are important, it assumes that political economy institutions cannot be sustained for a long period of time without the support of at least some segments of capital. One problem to judge these claims against the developments outlined in this article is that what a 'long period of time' may be is not specified, so it is not possible to ascertain whether the changes described under Labour qualify within that category. A second problem is that in practice it is difficult to find any institutions that do not receive support from 'at least some segments of capital', since the interest of capital are not homogeneous. This study shows how political changes are of crucial importance in the understanding of institutional change in CVT and how stakeholders' interests can be reshaped by the regulatory framework within which

they operate – which is itself dependent, ultimately, on political decisions and evolving social values.

The analysis has also revealed the limitations of dualist analyses (social partnership/ market hierarchies) such as those of the VoC and political partisanship literature, which tend to ignore that other forms of engagement are possible. Smith and Smith (2007) see Labour policy as an attempt to increase government and decrease social partner power in a direct continuation of the Conservative's policy of 'free economy and strong State' (Gamble 1994). As I have shown, Labour did promote greater collaboration and cooperation around shared needs. My argument has been that under Labour the UK moved from a market system (as developed by the Conservative governments) towards other forms of policy-making, based on community networks. This was certainly not enough to create strong social partnership arrangements of the German and Scandinavian type, and this has been the tenet of the education literature (Keep 2009; Coffield et al. 2008). But the creation of community networks nevertheless required change in the political economy of skills formation in the UK, and greater engagement with TUs than in the Conservative period. The effectiveness of these embryonic forms of coordination is subject to debate. They were often used in a trivialised way, given that Labour did not regenerate the power of unions, badly hurt after the Conservative years, and given TU's reliance on government funding they had limited the scope of real dialogue to take place. This, in turn, also meant that unions could play a limited role in supporting government in the implementation of their policies. In short, while Labour CVT policy had a more regulative and plural outlook than Conservatives' policy, real bases for plurality and debate were lacking. New Labour mainly used the regeneration of community networks as a self-legitimising tool, a useful form rather than a useful resource for policy-making.

This raises questions as to the nature of the changes enacted. Compared to the Conservatives, Labour altered the policy process more than policy outcomes. Why was this the case? New Labour, in this aspect paradoxically close to VoC instead of partisan arguments to which it generally subscribes, underlined institutional constraints. Blair famously declared, in 1999, to bear the scars on his back after two years in government attempting welfare reform. Yet agents can behave differently within set institutional environments (Souto-Otero 2011a), and thus it is here that is important to consider the role of interests and also recognise the importance of ideas, to elaborate more nuanced explanations. While political parties exist to win elections, New Labour put electoral marketing at its core. It obsessively tried to appeal to right voters to win elections. In this respect Labour played a 'two-level game' whereby the institutional architecture it created and the policies it adopted appealed to diverse constituencies (left and right respectively). While the inclusion of Unions contributed to labour appeasement, the content of Labour policy produced "capital appeasement" (Hay 1997) at a time when "credibility in the market" and "responsible hard choices" became the overriding aims, and "median voters" (Jackman 1975), who decide election results, had moved to right (Souto-Otero 2011b). Thus, Labour promoted networks not only for reasons of political correctness, efficacy, or the belief that 'all three key areas of power' (government, the economy and civil society) need to be constrained in the interest of social justice (Giddens 1998). It was also because formal partnerships deflected government responsibility (Hillman 1997) and enabled blame-sharing, in an area where progress had been strikingly difficult to achieve, and enabled Labour to appeal to a wider electoral base, by trying to reconcile oppositional terms that divided the left and right on VET issues (labour/capital; public/private). In the words of Giddens (2000:152), stakeholder capitalism and its "old divisions" were "closed" and "clientelist"; it was not "quick enough on its feet to respond to the world in which we find ourselves". This opens new questions on how the Conservatives and associated epistemic communities made the neo-liberal story

and institutional setting “the” authoritative response to the breakdown of the post-war compromise, in spite of its evident shortcomings. Such discussions should not forget the role of the British public who, at least initially, supported a good deal of New Labour ‘welfare reform’ (Ross 2000). We have seen that the constraints faced by governments do not have to lead to inactivity nor to extreme path-dependency. In the period analysed, the UK system has undergone a complete overhaul and has moved in, to say the least, incoherent directions.

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