

An Initial Inquiry into the Impact of Privatization on Social Work in the United States

Scott Graybow, M.Phil., L.C.S.W.

Abstract

Although there is considerable research about the impact of privatization upon other professions, at this time there is no recent research and little remote research on the matter of client and staff outcomes following privatization of social workers in social service agencies in the United States. This is troubling in light of the fact that, generally speaking, privatization has harsh effects upon the emotional and material well-being of marginalized and oppressed communities. Concerning social work, the privatization of state social work in the United Kingdom has had profoundly negative effects. This evidence suggests there is a fundamental incompatibility between social work, its mission and values, and the theory and practice of privatization. For this reason, the paper concludes there is a pressing need to address the dearth of scholarly material currently available concerning the possible effect of privatization upon social work in the United States and its relationship to issues such as professionalization.

Keywords: social work, privatization, United States, United Kingdom, social welfare

Introduction

Privatization is the process of transferring responsibility and resources for the provision of communal services from the public sector to private sector (Abramovitz, 1986; Henig, 1990; Katrougalos, 2010; Starr, 1988). Privatization impacts all types of government services and has had a particularly deep and lasting effect upon the health, mental health and social services sectors (Abramovitz, 1986). Its effect upon these sectors has played a large role in redefining how services are funded, the manner in which interventions are chosen and the macro-level methods used to implement new policies (Keane, Marx & Ricci, 2001; 2002). There is no recent research and little remote research on the matter of client and staff outcomes following the privatization of social workers in social service agencies, though. That is, the effect of privatization upon the manner in which social work is practiced and the extent to which it achieves its goals in social service agencies today are underrepresented topics in the scholarly literature. The existence of the resultant lack of knowledge is deeply troubling. Without such knowledge, we are unable say to what extent privatization is occurring in social work and we do not know whether or not that process is having negative outcomes similar to those experienced elsewhere.

We do know, however, that there is a considerable amount of theoretical evidence suggesting social work and privatization are ideologically incompatible in light of their differing approaches to the issue of how social welfare should be conceptualized (Abramovitz, 1986). Specifically, whereas social work has historically upheld the traditional view that social welfare should operate outside the realm of the free market, privatization maintains that all aspects of society should be subject to the ups and downs of the market (Starr, 1988). Additionally, evidence from the United Kingdom suggests the privatization of social work services results in practical and ethical dilemmas that hinder the effectiveness of social workers and negatively

impacts client outcomes (Carey, 2006; Drakeford, 2000; Harris, 1998; Lymbery, 1998; Postle, 2001).

This paper provides a scholarly introduction to the phenomenon of privatization and a thorough review of the literature on the topic as it relates to social work. It concludes that the lack of knowledge about the impact of privatization upon client and staff outcomes following the privatization of social workers in social service agencies in the United States is highly problematic. This scarcity of crucial knowledge should be considered an area of inquiry in need of immediate scholarly attention from social work academics, policy makers and practitioners.

Privatization in the Context of the Social Work Profession

A working definition of the term privatization is found in Executive Order 12803 – Infrastructure Privatization, which was signed by President George H. W. Bush on April 30, 1992. It defines privatization as, “the disposition or transfer of an... asset, such as by sale or by long-term lease, from a state or local government to a private party” (EO 12803, 1992, p. 1). Examples of services of relevance to the profession of social work that have been privatized include social service systems, foster care systems, prisons, public education systems and pensions (Abramovitz, 1986; Motenko, Allen, Angelos, Block, DeVito and Duffy, 1995; Genter, Hooks & Mosher, 2013; Young, 2011). Recent examples of research on the topic of privatization are Zalcman and Mann’s (2007) research on the privatization of alcohol sales, Mesa and Montecinos’ (1999) work on the privatization of social security in Chile, Young’s (2011) work on Canadian pension privatization, work by Quercioli, Messina, Basu, McKee, Nante, and Stuckler, (2003) documenting the privatization of healthcare in Italy, and Genter, Hooks, and Mosher’s (2013) study on prison privatization in the United States.

In the United States, the issue of privatization is hotly debated around the movement of social workers into private practice. Since the publication of Specht and Courtney’s (1994) book, *Unfaithful Angels*, debate has raged within the profession about the ethical and practical repercussions of social workers leaving employment in the government and not-for-profit sectors to take up employment as for-profit, private mental health practitioners. This paper seeks to go beyond this narrow definition of privatization by applying a more far-reaching definition of the term, one that explores the phenomenon of privatization from the perspective of the effect of replacing publicly funded services with privately funded services.

From this perspective, privatization is a phenomenon that touches on a range of social science theories but remains highly relevant to the theory and practice of American social work. For example, the push towards privatization is couched in the language of efficiency and productivity, two things that might be attractive to those who, like Flexner (1915) and Toren (1972), have expressed concern that social work fails to meet the requirements necessary to call itself an independent profession. Since Flexner’s 1915 address to the National Conference of Corrections and Charities, social work has suffered with what Baylis (2004, p. 56) refers to as “neurotic doubt” over the question of whether or not it is a profession and, if not, what it must do to become one.

Abraham Flexner (1915) wrote that social work does not meet the six requirements of a profession. He identified the six elements of a legitimate profession as: 1) intellectual operations with practice autonomy; 2) skills derived from educational experience; 3) practical and well defined goals; 4) possession of an educationally communicable technique; 5) self-organization; and, 6) altruistic motivation (Flexner, 1915). Using these criteria, Flexner argued that examples of pursuits that meet full criteria for a profession are medicine, law and engineering. Social work is in touch with many professions, but is not a profession itself due to lack of specificity in aim.

Others have defined social work as a 'semi-profession' (Toren, 1972). In *Social work: The case of a semi-profession*, Toren (1972) describes four types of professions. Established professions such as medicine and law are built on theory and bound by practice autonomy. New professions such as engineering, chemistry and accounting are grounded in original theory. Semi-professions such as social work replace theoretical study with acquisition of technical skills and, finally, would-be professions require neither study nor acquisition of technique. Toren (1972) places social work in the semi-profession category because, in his opinion, it lacks a clearly developed theoretical knowledge base.

Support for or against privatization within social work might be considered to be part of yet another ongoing discussion, this one on the matter of where the profession should focus its attention. Should it focus on micro or macro practice? Should it focus on case management interventions that emphasize direct practice in the tradition of Mary Richmond, or should the profession focus on large, radical, macro efforts to achieve change at the community level in the tradition of Jane Adams? Privatization, which stresses efficiency via the use of quantitative analysis, places great value on measurable outcomes that conserve resources and, as such, might favor the former over the latter.

Privatization's proponents present it as a means to obtain improved outcomes quicker, with greater flexibility and at less expense (In the Public Interest, 2014). They argue that as a market-based model it holds participants to a level of accountability that is not seen in government and as such privatization also promotes professionalism and improved customer service. It can therefore be associated to a third ongoing discussion in social work, this one about the presumed need for increased professional status vis a vis other helping professions. In other words, privatization might appeal because it claims to offer easy access to a level of professionalism that would further social work's status vis a vis other professions such as nursing, psychology and psychiatry.

Lastly, the arguments for and against privatization raise issues of fairness and bring to the fore basic ideas about how society ought to be arranged and the goals it should seek to achieve. These matters also speak to the concerns of social work, which is focused on undoing societal injustice and oppression (Brandell, 2011). Starr (1988) writes that besides promoting policies that lead to the transfer of power, funding and responsibility from the public sector to the private sector, privatization also signifies, "another kind of withdrawal from the whole to the part; an appropriation by an individual or a particular group of some good formerly available to the entire public or community" (p. 3). This, Starr concludes, means privatization is not merely an issue of policies concerning the withdrawal of power from government; it is a discourse on "the privatization of individual involvements and the privatization of social functions and assets" (p.

3). Traditionally, social work's contribution to this discourse has been to offer its support for the contention that social welfare must remain exempt from the ups and downs of the market (Abramovitz, 1986). Privatization argues the opposite; in its appraisal of the ideal social order all members of society – even the poor and the agencies/professionals who care for them - should be prone to the benefits (and the risks) of exposure to the effects of the free market.

The phenomenon of transferring responsibility and money from public to private hands has been a part of the United States' heritage since Colonial times. Abramovitz (1986) writes the history of privatization in the United States can be divided into four eras, only one of which saw any progress against the trend towards privatization. The first era was from Colonial times to the time of the New Deal. During that era, responsibility for caring for the poor and destitute was contracted out to the individual who put in the lowest bid. Gradually, many of these individual contracts were replaced by services provided by voluntary agencies, private organizations and charitable institutions that survived on public subsidies to operate and achieve their social missions. The second era, that of the New Deal, saw a movement away from privatization in favor of government operated programs such as Social Security, the Works Progress Administration and the Tennessee Valley Authority. By the 1960s, though, privatization had made a comeback in response to fears that public programs had begun to pose a threat to private market growth. In the late 1970s and early 1980s the final and current stage of privatization began. Like other eras of privatization, the emphasis was on transferring power and responsibility from the public sector to the private sector.

In practice, the manner in which privatization occurs happens along a continuum (Starr, 1988). Privatization occurs implicitly when government simply ceases to provide funding and other support for a program or issue it formerly helped. At the other extreme of privatization, government may explicitly sell or lease publicly owned assets to members of the private sector. In the middle are two other options. In one scenario the government ceases to provide services but continues to finance them. Examples of this would be publicly funded school-choice vouchers in lieu of public schools or social services provided by a private agency funded by a contract with the city, state or federal government. Another scenario of privatization is privatization via deregulation, which allows for the private sector to have a more direct impact upon a publicly owned asset (Starr, 1988).

Concerning recent research that details the outcome of privatization, the results seem to indicate that privatization is associated with a range of harmful outcomes upon the types of individuals most likely to be social work clients, namely women, minorities, substance abusers, the mentally ill, people who are socially or economically oppressed, people who receive government services and people who utilize the social safety net to avoid poverty due to lack of available alternatives. Studies that show the shortcomings of privatization include Zalcman and Mann's (2007) research on the privatization of alcohol sales, which details how privatization is linked with an increase in suicide mortality rates. Mesa and Montecinos' (1999) work on the privatization of social security in Chile found that privatization has a profoundly negative impact on women's economic security. Young's (2011) work on pension privatization in Canada had similar results; privatization results in significant economic inequalities for women. Work by Quercioli et al. (2003) found that privatization of healthcare spending did not lead to decreases in the rate of avoidable mortalities in Italy. Lastly, Genter, Hooks, and Mosher's (2013) study on

prison privatization in the United States found that privatization is linked with downturns in the number of employment opportunities in communities near newly privatized prisons.

Current Research on Privatization, Social Welfare and Social Work

The sole study presently available on the topic of privatization and social work in the United States that involves human subjects is a qualitative, exploratory study by Motenko et al. completed in 1995. The study was the first of its kind and remains the only one to ever interview American social workers and social work clients to get their perspective on the impact of the privatization of social work services. The study was conducted between September 1991 and May 1992 across nine social service organizations in Massachusetts that were being privatized. Data was collected via observation of social worker and client interactions and via unscripted qualitative interviews with a sample of nine social work clients.

The study divided its findings into six categories, which were each explained and reinforced with examples of interviewer observations and direct quotes from clients. The study found that privatization was associated with higher documentation requirements, deterioration of the work environment, cutbacks in essential services leading to unmet treatment goals, more severe client conditions, and increased client demand for inappropriate services. In the discussion, the authors noted how they were taken aback by the level of demoralization experienced by clients and social workers alike in the face of cutbacks associated with privatization. The authors conclude that the ideology behind privatization, that of individualism, is inconsistent with the principles and worldview of the social service agencies where the interviews took place.

The study's small sample size, combined with its use of unscripted qualitative interviews, raises questions about the generalizability of its conclusions. As a piece of qualitative research, the study's strengths are found in its effective way of teasing out themes from the lived experiences of a sample without losing touch with the complexity and nuance of the details of the phenomenon of interest. Its shortcomings are that its findings are not generalizable nor can they be proven to be fact, that is, they are not empirical results upheld by rigorous statistical methods. In summary, while the article does an effective job of shedding light on the lived experience of social workers and clients experiencing first-hand the effects of privatization, its small sample size and research methodology hinder its ability to serve as a piece of writing that offers the final say on the issue of privatization and its impact on social work in the United States.

While little else is known about the current state of affairs between social work and privatization in the United States, the opposite is true in the United Kingdom. There, extensive research by Carey (2006), Drakeford (2000), Harris (1998, 1999), Lymbery (1998), and Postle (2001; 2002) has provided a detailed picture of the privatization of social work. Writing about the overall effect of privatization on social work, Carey (2006) states, "the privatization of state social work has failed both the social work profession and, more generally, client groups and communities" (p. 919). Similarly, Garret (2008) argues that privatization creates a conflict between policy expectations and ethical responsibilities. He says social workers must take the side of ethics and oppose neoliberal transformations. In his eyes, privatization is not an

opportunity to engage in new and helpful methods of social work practice, but a threat to the ethical tenets that make social work what it is.

In the United Kingdom, the push towards privatization was based on the argument that exposing social services to the ups and downs of the free market would engender competition between service providers, which would lead to the provision of cheaper and more effective services. In lieu of the social welfare utopia envisioned by privatization's proponents, what developed following the privatization of state social work in the United Kingdom was a mass of under-funded, inefficient and overly-bureaucratic agencies, many of which no longer provide the basic level of social work services they previously offered prior to privatization (Drakeford, 2000).

Following privatization, fewer agencies offer programs geared towards prevention and social workers spend fewer hours in the field and more hours in the office doing paper work (Carey, 2006; Lymbery, 1998; Postle, 2001). Labor issues have arisen; positions previously filled by full-time, permanent social work employees are now more likely to be filled by contract, fee-for-service workers who earn considerably less. Other changes associated with the privatization of the United Kingdom's state social work services identified in the literature include an increase in the number of means tested programs resulting in social exclusion and poverty for more people, increased perceptions among social workers and clients that clients are being objectified and commodified, and changes to the content of social work education (Drakeford, 2000; Carey, 2006).

Conclusion and Recommendations for Future Research

It is clear, then, that the privatization of state social work in the United Kingdom has caused disarray and heightened rather than resolved the debate over whether privatization is an effective means of promoting a more functional society. While United States social work differs from social work in the United Kingdom in significant ways, the compelling data coming out of the United Kingdom is anecdotal evidence suggesting that privatization could be having a harsh impact upon social work here in the United States. At this time there is a near total absence of scholarly research on the matter of client and social worker outcomes following privatization of social workers at social service agencies in the United States. This article seeks to be an initial attempt to remedy that lack of knowledge by providing a thorough introduction to the topic of privatization and reviewing the little we do know about the effect of privatization upon social work in the United States.

The issue of privatization relates to the field of social work in many ways. Theoretically, privatization and social work each share a strong interest in the matter of how society is arranged. Privatization is about the process of deciding what in our society is public and what is private, about what we can expect society to provide to us and what we must be responsible for providing to ourselves (Henig, 1990; Katrougalos, 2010, Starr, 1988). Therefore, it is safe to say that privatization is a phenomenon that speaks to our basic ideas about how we think society ought to be arranged, what its goals ought to be, and what responsibilities individuals should have vis a vis the community and vice versa. These matters pertain directly to issues relevant to

social work, which seeks to undo societal injustice and is deeply concerned with matters of access to resources, equality, and fairness.

In practical terms, the debate over privatization can be couched in the ongoing debates about what direction the social work profession should take (micro vs. macro), the concern social work is not a profession that grew out of Flexner's comments made in 1915, and the perception that social work needs to improve its professional image vis a vis other helping professions. Proponents of privatization argue it promotes professionalism and provides faster, more flexible service at lower costs. Such claims may speak to social workers who remain concerned about social workers' presumed deficits in the area of whether it is indeed a true profession and who, like proponents of licensing, wish to see it obtain an improved status vis a vis other professions such as nursing, psychology and psychiatry.

Most importantly, the article's review of the scholarly literature revealed the existence of an absence of knowledge about the matter of social work and client outcomes following privatization of social workers in social service agencies in the United States. It compared this shortage of information with the wealth of information about the topic coming out of the United Kingdom. There, the evidence suggests that privatization of social work is negative. Specifically, privatization is "highly bureaucratic, exploits labor and is profoundly ineffective at responding to the needs of vulnerable adults and children" (Carey, 2006, p. 918). As such, it appears that social work and privatization could be incompatible, and from a practice perspective the privatization of social work potentially leads to ethical and practical dilemmas that undermine social workers' ability to provide services that are consistent with the values and principles of the profession.

Looking forward, it is hoped that the data mined from the scholarly literature reviewed here will be a catalyst for future inquiries into the question of how privatization impacts the practice of social work in the United States. It is believed the data reviewed herein is sufficient anecdotal and theoretical evidence to support future studies. Such studies have the potential to influence the theory and practice of contemporary social work as well as the welfare of the clients the profession seeks to serve. These future studies might first occur in the form of qualitative studies using grounded theory, followed by quantitative studies reaching a larger number of social workers and social work clients who have been or will be exposed to privatization.

References

- Abramovitz, M. (1986). The privatization of the welfare state: A review. *Social Work, 31*(4), 257-264.
- Brandell, J. (Ed.). (2011). *Theory and practice in clinical social work*. Thousand Oaks, CA: SAGE.
- Carey, M. (2006). Everything must go?: The privatization of state social work. *British Journal of Social Work, 38*, 918-935.
- Drakeford, M. (2000). *Privatization and Social Policy*. Harlow: Pearson.
- Flexner, A. (1915). Is social work a profession? Presentation at the National Conference of Corrections and Charities.
- Genter, S., Hooks, G., & Mosher, C. (2013). Prisons, jobs and privatization: The impact of prisons on employment growth in rural US counties, 1997-2004. *Social Science Research, 42*(3), 596-610.
- Harris, J. (1998). Scientific management, bureau-professionalism and new managerialism: The Labor process of state social work. *British Journal of Social Work, 28*(6), 839-862.

- Harris, J. (1999). State social work and social citizenship in Britain: From clientelism to consumerism. *British Journal of Social Work*, 29(6), 915-937.
- Henig, J. (1990). Privatization in the United States: Theory and practice. *Political Science Quarterly*, 104(4), 649-671.
- In the Public Interest. (2014). *Privatization myths debunked*. New York: Author.
- Katrourgalos, G. (2010). Constitutional limitations of privatization in the USA and Europe: A theoretical and comparative perspective. *Constellations*, 17(3), 407-425.
- Keane, C., Marx, J., & Ricci, E. (2001). Perceived outcomes of public health privatization: A national survey of local health department directors. *Milbank Quarterly*, 79(1), 115-136.
- Keane, C., Marx, J., & Ricci, E. (2002). Services privatized in local health departments: A national survey of practices and perspectives. *Research and Practice*, 92(8), 1250-1254.
- Lymbery, M. (1998). Care management and professional autonomy: The impact of community care legislation on social work with older people. *British Journal of Social Work*, 28(6), 863-878.
- Mesa, A., & Montecinos, V. (1999). The privatization of social security and women's welfare: Gender effects of the Chilean reform. *Latin American Research Review*, 34(3), 7-37.
- Motenko, A., Allen, E., Angelos, P., Block, L., DeVito, J., Duffy, A. (1995). Privatization and cutbacks: Social work and client impressions of service delivery in Massachusetts. *Social Work*, 40(4), 456-463.
- Postle, K. (2001). The social work side is disappearing: I guess it started with us being called care managers, *Practice* 13(1), 3-18.
- Postle, K. (2002). Working "between the idea and the reality": Ambiguities and tensions in care managers' work. *British Journal of Social Work*, 32(2), 335-351.
- Quercioli, C., Messina, G., Basu, S., McKee, M., Nante, N., Stuckler, D. (2013). The effect of healthcare delivery privatization on avoidable mortality: Longitudinal cross-regional results from Italy, 1993-2003. *Journal of Epidemiology & Community Health*, 67(2), 132-138.
- Specht, H., & Courtney, M. (1994). *Unfaithful angels: How social work abandoned its mission*. New York: Free Press.
- Starr, P. (1988). The meaning of privatization. *Yale Law and Policy Review*, 6, 6-41.
- Toren, N. (1972). *Social work: The case of a semi-profession*. London: Sage.
- White House. (1992, April). Executive order 12803 – Infrastructure privatization. Washington, DC: Author.
- Young, C. (2011). Pensions, privatization and poverty: The gendered impact. *Canadian Journal of Women & the Law*, 23(2), 661-685.
- Zalcman, R. (2007). The effects of privatization of alcohol sales in Alberta on suicide mortality rates. *Contemporary Drug Problems*, 34(4), 589-609.

Scott Graybow, M.Phil., L.C.S.W., is a doctoral candidate in Social Welfare at the Graduate Center of the City University of New York. In addition, he is a Clinical Adjunct Lecturer at the Silberman School of Social Work at Hunter College and maintains a private practice of psychotherapy. He writes and lectures on the relationship between economics, mental health and politics. His articles have appeared in the *Columbia Social Work Review* (formerly the *Journal of Student Social Work*), *Fromm Forum* and *Critical and Radical Social Work* (in press).