MODERNIZATION
THE TEN COMMITMENTS OF NEW LABOUR'S APPROACH TO PUBLIC MANAGEMENT?

PERRI 6
UNIVERSITY OF BIRMINGHAM, UNITED KINGDOM

EDWARD PECK
UNIVERSITY OF BIRMINGHAM, UNITED KINGDOM

ABSTRACT: *Since 1997, Britain's New Labour government has developed a distinctive combination of strategies in public management reform. Accounts of New Labour's strategy that stress continuity with approaches developed under the previous Conservative administration, constitutional innovations such as devolution, managerialism, or the handing of key decisions such as the setting of interest rates to technocrats, are not adequate. In policy statements, ministers have generally described their approach as modernization, a term which has been defined neither in the official literature nor in ministerial speeches. The article identifies ten themes, comprising both strategies and instruments, which together make up New Labour's distinctive signature in public management reform. These are inspection, central standard setting, area-based initiatives, horizontal coordination and integration under the slogan of joined-up government, devolution but limited decentralization, earned autonomy, an extended role for private capital, modest increases in citizens' obligations, enhanced access to services, and electronic service delivery. The combination is historically and internationally distinctive, even though none of the particular elements is. New Labour has experienced considerable difficulties both in implementing its program and in gaining public acceptance, although there have been significant achievements: these will provide important lessons for other countries interested in Britain's modernization initiative.*

Britain's New Labour government, which came to power in 1997 and was reelected in 2001, presents a number of important puzzles for scholars of international public management. One central question is whether its public management style is distinctive, either in the British context or internationally. The government itself claims to be an exemplar of a key direction for public management reform after and beyond New Public Management (Prime Minister and Minister for the Cabinet Office 1999; Mulgan 2001). It would point to New Labour's commitment to joined-up government, its priority for combating social

Direct all correspondence to: Perri 6, Health Services Management Centre, University of Birmingham, Park House, 40 Edgbaston Park Road, Edgbaston, Birmingham B15 2RT, United Kingdom. E-mail: P.6@bham.ac.uk

exclusion, its rebalancing of central authority with local discretion, its distinctive ideological and political roots in communitarian thought, and ideas of a "third way."

On the other hand, both to some of its political critics and to many academic researchers, it represents more continuity than change with respect to the reform strategies of the preceding Conservative administrations. They would draw attention to the continuing role for private capital finance in the public services, to its centralizing tendencies, and to its fiscal restraint and political caution (Williams 1999; Rhodes 2000; Cutler and Waine 2000).

A third grouping takes the view that New Labour represents constitutional innovation much more than it signals deliberate changes in the approach to public management, but that the former has had significant impact on the latter. This group would highlight the domestication of the European Convention on Human Rights, the devolution to a Scottish Parliament and a Welsh Assembly, and the introduction of a directly elected mayor for London and other cities, as signs of significant constitutional innovation (Bogdanor 2001; Flinders 2002).

A fourth view sees New Labour as essentially depoliticizing public management and moving toward a technocratic style (Burnham 2001) or a refurbished managerialism. For short, we shall refer to these readings respectively as the distinctivist, continuist, constitutionalist, and depoliticized views.

The question of what characterizes New Labour is, in public management terms and how far its program is coherent and sustainable, of international interest for at least two reasons. The first is simple—that different answers to those questions would imply quite different practical lessons for other countries seeking to learn from the British experience. Indeed, to the extent that it is true that there is something internationally distinctive about the New Labour approach, it can be regarded as a valuable experiment which public management scholars ought to examine at least as closely as they examined the New Zealand reforms from the 1980s through the mid-1990s. The second is that the political and ideological commitments of New Labour find echoes in the politics of many governments, especially in the developed world, and even in those continental European countries where politicians officially decry Anglo-Saxon styles of governance. If there are in fact intimate links between the politics and the approach to public administration of New Labour, then those connections may well show up in developments elsewhere.

Hitherto, academic literature on the New Labour experience has been largely unsatisfactory. Most of what has been written, even in public management journals and especially that for international readers, has focused on the political ideology and the content of policy rather than the public management apparatus for implementation and service provision (e.g., Bevir and O'Brien 2001). Alternatively, it has been concerned with specific initiatives such as joining up (6 et al. 2002), neighborhood renewal (Lund 1999), or else has offered chronicles on each policy field (Savage and Atkinson 2001; Powell 1999; Seldon 2001). Other studies have examined New Labour's public management style, but have tended to underplay change over time and represent New Labour as driven principally by its ideas and ideology (Newman 2001).

In this article, we focus on public management issues understood narrowly as the governance of implementation structures and capabilities, rather than on, for

example, third way ideology or particular policy goals such as combating social exclusion. The distinction is, of course, methodological rather than substantive, but serves to delimit the scope of our inquiry. Our aim is to examine the specific public management issues across the main fields of domestic public policy, although focusing mainly on the broadly defined welfare state services including social services, public housing, education, health care, and personal social services. We do not seek to cover transport, save in passing, regulation of wholly commercial goods and services, or foreign and security policy at all.

Our argument sets out the case for a particular reading of New Labour's approach to public management, and the lessons to be drawn from it. From each of the four views identified above, we draw on aspects but reject the full claims of any. We agree with the distinctivist view to the extent that we consider the innovations in joined-up working, for example, to be discontinuities in British public management history, at least partly distinctive internationally although not utterly without precedent, and we argue that, in these respects, the New Labour experience is an important experiment. Unlike the advocates, however, we do not think that the experiment is an unqualified success. From continuist views, we take the point that there are important legacies from the Conservative governments and indeed elements that can be found in the public service reforms of many countries. In our view, however, what is distinctive is the particular manner of their combination, not the elements themselves. From the constitutionalist view, we defend the argument that both the constitutional changes, and the accompanying political ideology, have had important effects upon the prevailing style of public management. However, we suggest that the constitutional changes probably had less impact than might have been expected. The depoliticizing view can point to some special cases in its support, such as the handing over to the Bank of England the setting of interest rates, and the recognition of some independence for some regulators. It is also true that the government's large majority and party discipline (at least until 2003) have diminished the independence of the House of Commons. But as a general account of New Labour's style, in our view, this account is simply incorrect: ministers have generally strengthened rather than weakened the instruments of political control over public management.

We shall defend this reading in two stages of argument. In the first, we examine the meaning of the key term, modernization, used by ministers and advisors in a series of major policy documents to sum up the government's own conception of what is distinctive about its approach. In the second, we set out ten features of the New Labour style in public management. We suggest that it is the combination—rather than the mere presence—of these features that is distinctive, not wholly successful, and shaped but not determined by the political ideology and constitutional innovations of the New Labour government. Overall, the article presents a structured comparison of New Labour's approach with previous programs of reform in the UK, and establishes the ten commitments that position the government in the shifting theoretical firmament of New Public Management (NPM).

Modernization

A search on "modernization" using the Webcat search engine on the (now superseded) official http://www.open.gov.uk website on 13 July 2001 produced

5,399 government documents currently available in which the word appeared on the first page. Examination of the first hundred of these showed that nearly all featured the word in the title. It is used to describe a vast array of activities. There are modernization programs for accident and emergency services as well as for post office counters. There are consultations on modernization of the tax on placing bets alongside modernization reviews in the National Health Service (NHS).

Policy analysts might treat this term as the petty flotsam of political rhetoric, a matter of no great consequence. This would be an unwise approach. For even though political language does not generate categories validated for scientific taxonomy, political vocabulary is almost never merely empty. Rhetoric directs attention to certain problems at the expense of others by organizing the way in which speaker and audience make sense of what is being performed or enacted in rhetoric (Weick 2001). Further, rhetoric is often a strategy for furthering the acceptance of particular ways of classifying politics and organizational activity either to suit or even to create certain interests (Hacking 1992). That is why rhetoric is at the heart of producing political and organizational motivation, establishing credibility with key constituencies, enabling collaboration, and defining boundaries (Mayhew 1997).

The choice of modernization as the dominant term for New Labour's reform program is not an obvious one. It is an abstract term, devoid of pictorial metaphor, redolent with meaning for intellectuals, but hardly the most vivid expression in popular speech. However, after a period in which the center-right across the developed world had accused the center-left of being outdated, by the mid-1990s it became a matter of some urgency to reclaim those commanding heights of the vocabulary that are signposted "up-to-date," "forward-looking," and "ready for the future." In such circumstances, a certain cachet may become attached to the language of the modern. But this alone hardly seems to suffice to explain the choice of the particular term.

Modernization is not some general slogan used to describe the whole New Labour project. Rather, having been used first to brand the reform of the party in opposition, it quickly became a specific term for the changes demanded by New Labour in the organization of the public sector. Our argument is concerned, therefore, with the organizational settlement that has come to be described, and experienced, as modernization.

From 1998 onward, modernization has become the preferred noun for New Labour's reform of client-facing, service-oriented parts of government. To explore just what New Labour means by modernization, we consider four key programmatic texts: the White Papers of 1997 through 1999 on central government (Prime Minister and Minister for the Cabinet Office 1999), local government (Secretary of State for the Environment, Transport and the Regions 1998), social services (Secretary of State for Health 1998), and the NHS (Secretary of State for Health 1997). All of these announce in their titles, ministerial forewords, and executive summaries that they are setting out the agenda for modernization for their respective fields.

Modernizing Government (Prime Minister and Minister for the Cabinet Office 1999), that established the change agenda for central departments, agencies, and the civil service, introduced the catchphrase 'modernization for a purpose.' The paper seems to associate the term with greater access to services,

coordination, and integration, mainly at the level of services and transactions, electronic delivery, responsiveness, efficiency, and quality.

In the white paper on local government, the old-fashioned practices and the old culture of councils that are to be overcome by modernization are identified as those which are inward looking, out of touch, and unresponsive. Modernization is identified with the reverse, and associated with effective leadership and high standards of conduct.

Regarding personal social services and health care, the white papers give greater emphasis to an association between modernization and dependability, reliability, and protection. Modernization is presented as an antidote to the incipient crisis of public confidence created in the wake of scandals of incompetence, abuse, and negligence. Some of the same issues of coordination, efficiency, quality, and flexibility are addressed as in the other papers.

In addition, the paper on social services introduces an emphasis on enhancing the independence and the life chances of service users which is absent in the others. Furthermore, the social services paper associates modernization with prevention, a concept largely submerged in the paper on the NHS. Also distinctive in the papers on social services and the NHS are the rather grandiose claims that the modernization agenda constitutes a third way for these areas. In the social services paper, this third way is introduced in a section on tackling inefficiency, and is framed as being outcome-focused, based on competition rather than monopoly, and on individually tailored services rather than one size fits all. The white paper on health devotes a whole section to the third way, which is associated with the 'what works' slogan, moving beyond both command and control which is said to have characterized the 1970s, and the internal market which was claimed to have been implemented in the 1990s. For this article, the third way consists of continued separation of planning and provision in the context of collaboration and decentralized responsibility for operational management.

These papers—and the many others containing similar themes—signal a significant change in rhetoric. They make clear to junior ministers, policy staff, and public managers the ways in which they need to present their cases, describe their problems, and account for their strategic choices. At the same time, for a government to speak of itself as modernizing is to claim for the center an authority based on greater understanding of future pressures and trends than is, it seems to claim implicitly, available elsewhere in the system. This is, as we shall see, highly consequential for the public management style that New Labour has developed.

It is worth noting, in passing, some omissions in these papers. First, nowhere are we presented with a definition of modernization. None of the papers sets out generic principles from which specific applications to its own field can be derived. Rather, each presents its own concerns separately, and although there are indeed important overlapping themes, they are left implicit. Second, none of the papers spells out clearly just what the problem is that modernization represents the solution to, although all imply that there is a legacy of inefficiency, unresponsiveness, poor quality, and so on. Third, suppose we take one of the most common sense meanings of the term "modernize"—bringing something up-to-date. That would require identifying what has changed in the environment, and designing an intervention to suit the changed conditions as now understood.

However, these programmatic papers almost entirely shirk the task of identifying what has changed, nor do they explain why the array of desirable things associated with modernization is peculiarly appropriate today. Still less do these papers provide any analysis of the conditions under which the particular reforms advocated under the banner of modernization can be expected to work. Of course, this flexibility—or nonspecificity—in the deployment of the term may at least partially account for its strong rhetorical appeal to politicians. It also necessitates that scholars of public management examine in detail its meaning in use within programs of reform. This is the challenge addressed in the next section.

THE NEW LABOUR SIGNATURE IN PUBLIC MANAGEMENT: TEN KEY COMMITMENTS

It was quite early during its first term that the New Labour administration developed a distinctive style of, and approach to, public management. In this section, we highlight ten key features of that style. We note, as others have (Driver and Martell 1998), the continuities with the public management styles of the Thatcher and Major administrations, but we also identify the distinctiveness as lying in the combination rather than in the individual elements. However, the following ten commitments describe the basic New Labour strategy that is presented as modernization; in most cases, at least one cause for concern about their likely success is introduced.

Inspection

The first feature of the style is greater stress upon internal, centrally specified, regulation of the machinery of public management by the use of audit for many purposes other than the traditional assessment of financial probity (Power 1997). This has been a trend of growing significance in British public administration for some years (Hood et al. 1999), but New Labour has extended the program drastically, relying upon a vast range of specific inspectorates, auditors dedicated to the enforcement of general standards, and specific performance targets. Building on the initiatives of the previous Conservative administration, the schools inspectorate, Ofsted, gained new powers to inspect local education authorities as well as schools. Influenced by the apparently positive impact of Ofsted in education, New Labour extended the approach to the NHS with the Commission for Health Improvement, created as a new inspectorate to audit quality control procedures administered by hospitals and primary care groups through a program of scheduled and nonscheduled visits and specific inquiries into alleged scandals. Also in the NHS, the National Institute for Clinical Excellence was introduced to provide a predeployment regulatory function for procedures, drugs, and treatment protocols. At the peak of the inspectorial industry, around thirty-five bodies had a right to call an NHS hospital to account, and in 2002 the government announced the reorganization of some of these new regulatory bodies (Secretary of State for Health 2002), indicating that they would also receive greater autonomy and authority.

In its first term, some important conflicts emerged between the New Labour

government and the public sector professions around the willingness of those professions to accept the apparent diminution of their discretion represented by the work of these inspectorates. The policy represented a major increase in the transaction costs of policy oversight and compliance, as providing inspectors with access and information could be very expensive in time taken away from other activities. In addition, of course, the inspectorates themselves incurred direct costs, and the cost implications of compliance with inspectors' recommendations needed to be taken into account in calculation of these transaction costs. New Labour's willingness to bear these costs has not faltered during its second term.

Central Standard Setting

In theory, at least, it might have been possible to extend the system of inspection without greatly extending the scope of standard and target variables over which the inspectorates would preside.   However, both standards (specifications of expected or required ranges of inputs, styles of organization, and service content) and targets (specific output measures to be achieved, typically quantitative in character) proliferated throughout the public sector. In mental health services, for instance, the standard concerned with improving user access to services was supported by the target that every locality must establish a crisis resolution team with closely defined characteristics by a predetermined date. Ministers increasingly felt that this approach represented the most direct means by which they could seek to influence performance. Furthermore, during the very tough fiscal restraints of the first term, ministers needed to be seen undertaking reform without being able to invest large sums, and the promulgation of standards and targets seemed to represent one way they could do this because the costs of compliance could be both diffused and delayed.

However, by the time that large organizations (such as local authorities or hospital trusts) were expected to achieve several hundred targets, the nature and meaning of the target system changed significantly. No longer could targets be said to represent the most important priorities to which managerial attention should be directed above all else. As the number of targets increased, so did the conflicts over priorities and trade-offs. By the end of the first term, the government's own supporters—such as Matthew Taylor, director of the Institute for Public Policy Research and now working for the prime minister—were criticizing this seemingly endless proliferation in the media (Taylor 1999), arguing that within public services it would lead to an inability to focus upon local priorities, undermine the focus on outcomes, and so on.

In response, the government developed two main tools. One was to cluster standards and their supporting targets into complex packages which organizations were expected to fulfill together, and which were supposed to be more or less internally coherent. In the NHS, the government developed a new instrument for this purpose: the National Service Framework (NSF). An NSF is essentially a document setting out a series of service models which, if rigorously adopted, will enable standards to be achieved, as demonstrated by the fulfillment of specific targets. Typically, NSFs are followed up by detailed guidance on their implementation, and there are duties on a wide range of agencies to become involved, in centrally specified ways, in their implementation. Although the

government sees standard setting as putting a floor under performance, the process can also work to discourage innovation.

The other tool was developed near the end of the first term and the beginning of the second, as part of the earned autonomy approach (see below). Local authorities were given the opportunity to negotiate individually with the center for freedoms and flexibilities (in waivers from regulations, inspections, and some minor elements of charging in return for agreeing) under quasi-contracts called local public service agreements (PSAs), accepting penalties if they did not achieve individually agreed performance targets. These targets were linked to what were called local indicators, supposed to reflect local priorities. In practice, of course, significant freedoms were only available for those authorities that selected targets in line with government priorities and that had already demonstrated their competence at compliance. However, this did provide some authorities with a means of achieving some greater control over, and reduction in the numbers of, targets. Despite the probability of policy tension (and not merely bureau-political conflict) between central standard setting and earned autonomy, New Labour remains wedded to the view that both can be strengthened at once.

Area-based Initiatives

A third feature of New Labour's distinctive approach in its first term, although one that seemed to become rather muted by the beginning of the second, was a general emphasis on targeting multiagency special interventions with additional resources, often competed for in regional or national bidding processes, within defined geographical areas. Initially, the approach was justified on the grounds that the most pressing social problems—such as ill health and deprivation—are concentrated in specific areas, and resources should be targeted there. This was, in effect, a geographical variant of the wider argument for targeting resources toward the worst off. The government moved quickly to introduce special zones for education improvement, employment creation, health action linked to public health programs, and neighborhood renewal, as well as the traditional physical infrastructure, area-based programs.

Certainly, there were significant achievements in some areas. However, some problems emerged rapidly. The very fact of being targeted for treatment can quickly stigmatize localities in ways that drive out better-off residents, cause falls in property values, drive out businesses, and undermine the willingness of employers in the wider commuting area to hire residents from targeted areas. This effect was observed early in the first term following a list leaked to the press, although disavowed, of the fifty worst housing projects, or estates. Further, those cities that found themselves with several zones with different purposes, such as Plymouth, had to develop complex coordination solutions. Inquests into riots in several northern cities in the summer of 2001 suggested that one important factor was that communities just outside the tightly defined zones resented those inside that had benefited from additional support despite relatively small differences in deprivation (a phenomenon well understood in the U.S. as far back as the 1960s and 1970s).

More generally, some of the government's interest in area-based action seemed to be fading by the end of its first term. The story of health action zones provides a not untypical trajectory of the fate of the zones. They generated initial

enthusiasm across many agencies and professions, and a few secured some commitment from locally important voluntary bodies. However, as pressure from the media and key groups of voters pushed ministerial attention away from public health and toward solving problems in elective surgery and in accident and emergency work, ministers seemed to lose interest in health action zones. By 2002, the national unit responsible for coordinating them was wound up and their local programs transferred to the new, overarching, multipurpose, local strategic partnerships and primary care trusts. However, the neighborhood renewal strategy and other area-based initiatives continue to be important elements of the New Labour approach.

Coordination and Integration

In its first term, New Labour made much of its commitment to joined-up government, or to horizontal integration and coordination across functions in public management (6 1997; 6 et al. 1999, 2002). Joining up was pursued through duties to produce plans on a holistic basis, incentives for local partnerships, special funds for crosscutting work, spending reviews on themed rather than departmental bases at the center, joint assessments in social and health services, facilitating mergers between certain services, joint inspections, one-stop shops and call centers, and integration of online services around life events. The program for joined-up working on crosscutting issues probably represents the element of the New Labour signature in public management of which the government was proudest. In some measure, the area-based initiatives discussed earlier were justified not only in terms of targeting, but also as instruments for the achievement of such integration and coordination. However, they were not necessarily the most important instruments through which joined-up working was pursued by New Labour. At the local level, integrated planning duties grew to have a huge importance. Some local authorities found themselves responsible for preparing for, consulting upon, agreeing with, and returning to the center around seventy distinct plans for services, programs, and policy areas in a single year (6 et al. 1999, 2002). The diffusion of priorities engendered by this process, together with the problems of the area-based initiatives, produced problems of coordination fatigue and fragmentation within areas between different joined-up initiatives that were, in their own way, as serious as those which joined-up working aimed to solve (6 et al. 2002).

At the local level, there was also emphasis on structural change, with the mergers between health and social care agencies into care trusts run by NHS agencies rather than local government as an example. The emphasis on merger exhibits (as do inspectorate proliferation, standard setting, and planning duties) a bias in New Labour's style for strong tools of government; that is, tools which leave those upon whom they are deployed with less discretion about how to behave (6 et al. 2002).

By the end of the first term, there were signs of a shift in approach. The program of Local Strategic Partnerships (LSPs) was introduced in an effort to reduce coordination fatigue and fragmentation by bringing together locality-level planning across the whole range of domestic policy delivery and development agencies. Their negotiations with the center were to be wrapped into the earned

autonomy program (see below), using the vehicle of the local PSA closely linked to the community plan developed by the LSP.

Devolution but Limited Decentralization

Some of the core tensions within the New Labour approach concern the issue of centralization and decentralization (Peck 2001). On one hand, there was a major program of constitutional devolution to Scotland and Wales, creating a Parliament with tax-varying powers and extensive control over the executive in Edinburgh and a law-making body without tax-varying powers and with more restricted authority over the executive in Cardiff. Quickly, the coalition government in Scotland and the more left-of-center minority Labour administration in Wales developed distinctive approaches to public management in their countries. The Edinburgh administration was markedly less *dirigiste* toward local authorities and health bodies in Scotland than was New Labour in Westminster, but, conversely, probably achieved less control over those agencies.

Within England, the devolution agenda was limited. Despite initial hints of interest, the government was in no hurry to legislate for referenda on elected regional authorities. The experience of the creation of the Greater London Authority and its directly elected mayor was not entirely happy for the government. Far fewer powers were either devolved to the assembly and the mayor from the center or shifted upward from the London boroughs than many had hoped. In particular, the mayor was given very limited influence over the decisions and structures for financing major new investment in London's crumbling underground system.

In an important measure of reform to local representation, New Labour provided for local referenda on the adoption of directly elected local mayors. Since the referenda were to be run by local authorities, and since many elected councillors saw mayors as a threat to their power base, it was not surprising that few were held, fewer still were well publicized, all yielded low turnouts, and at the time of writing only a handful of authorities have moved to directly elected mayoral systems. Finally, this limited devolution within England must be set against the much more powerful incentive and sanction system of inspection and centrally set standards and targets.

Earned Autonomy as a Settlement between Centralism and Decentralization

The policy of inspectorates, standards, targets, and centrally directed integration discussed above amounted to a significant commitment to centralization, contrasting with the less-emphasized strand of modernization that stressed decentralization. This tension clearly required some new argument about how it would be managed. The concept that emerged during the second half of the first term was earned autonomy.

The basic idea behind earned autonomy was being discussed while New Labour was still in opposition (Mulgan and 6 1996). It was, in essence, that agencies purchasing, providing, or enabling public services ought to be permitted greater independence—for example, by exemption from elements of inspection—provided that they first demonstrated to the satisfaction of the center

that they had achieved a certain threshold of performance in the execution of their functions. Requiring improved or excellent performance prior to the granting of what New Labour call flexibilities of course presumes that the weight of regulation is not itself a barrier to improved performance, which some local authorities, hospitals, and other agencies would contest. However, the government has been able to point to a sufficiently large number of bodies measured as showing good or at least improving performance under the full regulatory regime to justify this assumption.

The simplest implementation was in the NHS, where trusts were subject to a triage system using a simple four-level star system (three being excellent, none being poor), in which performance measures were used as criteria upon which to grant more or less heavy-handed, frequent, and intrusive inspection. At the start of the second term, following complaints from three-star hospitals that lighter-touch regulation was a poor reward for excellent performance, the government introduced the potential for them to become Foundation Hospitals, with talk of powers to acquire capital through borrowing and bonds to finance local service development.

Although apparently attractive, the experience of local government may hold salutary lessons for the NHS. Despite early promises of substantial fiscal autonomy under the Beacon Council scheme in the first term, the white paper at the beginning of the second term offered only rather modest incentives. In particular, the council lacked authority to levy taxes, and bond schemes for raising capital were entirely ruled out by the Treasury. Thus, most of the flexibilities on offer continue to be related to the regulation regime rather than to powers to raise local revenue (Secretary of State for Transport, Local Government and the Regions 2001), although some modest flexibilities are now being offered as to what local authorities can spend their money on, and the use of money raised from civil penalties (Deputy Prime Minister 2002).

Following the well-publicized story of the hospital that went, in two years, from no stars to three stars and back to no stars again, the confidence of the Treasury in the NHS is unlikely to be any higher than its confidence in local government. In addition, this story will reinforce for managers that autonomy granted by government may as easily be removed (as can the managers to whom it was entrusted), whilst the expectation of enhanced levels of performance may remain. Nonetheless, it is possible that the granting of powers that do not require the approval of the Treasury—such as new forms of accountability to and governance with local community representatives—may be an important aspect of the extension of earned autonomy in the NHS. In the local government context but (so far) more limited in the NHS, earned autonomy is seen as one of the tools in the armory of local democratic renewal as well as a method of public service reform.

Further, the aspiration for the Foundation Hospitals, that they might escape the organizational framework of the NHS—as some form of public interest companies still to be defined—may serve to blur in the popular imagination the distinction between public and private provision and open up the prospect of new relationships between these sectors. It may also be significant that by 2003, the Secretary of State for Health (2003) was referring to Foundation Hospitals as exemplars of the new localism in public services, linking the proposed new patterns of accountability and governance to ideas around a shrinking center.

For all these reasons, the future prospects of earned autonomy should not be assumed to be limited by its impact to date.

An Extended Role for Private Capital

Another feature of New Labour's style of public management has been the way in which it has used the private sector. In respect to services that are straightforwardly contracted out using revenue finance and traditional purchase-of-service instruments, the government moved quickly to replace compulsory competitive tendering in local government with best value, which allowed greater flexibility in the selection criteria. However, despite the much-heralded concordat between the Secretary of State and the Independent Healthcare Association, and some sound bites aimed at the private sector professional classes during the 2001 election campaign, for NHS purchasers of services the private sector largely remained a provider of last resort (Field and Peck 2003). So far, handing over of health services to the private sector is mainly used as a threat, or as a potential sanction for failure.

By the second term, use of private finance was expanded for capital projects. New Labour continued and extended the Private Finance Initiative, making significantly greater use of it than the Conservatives had, especially in the hospital building program, but they have also explored other forms of public-private partnership in which the private sector raises the capital required (for example, the encouragement by government to European health companies to build and run elective surgery centers in the UK). The decision of the transport secretary (until 2002), Stephen Byers, to force the failing rail infrastructure monopoly company, Railtrack (in which the government retained a major shareholding), into receivership and therefore effectively back into public ownership at least temporarily, shook investor confidence in the New Labour administration. There are many who believe that risk premiums will now rise significantly for many such projects, including those in health and local government.

A Modest Increase in Citizen Obligations

It was expected at the beginning of New Labour's first term that communitarian political theory might have heavily informed the public management style (Driver and Martell 1998). Communitarian arguments might have, led, for example, to great emphasis on the duties of citizens (Etzioni 1993).

In practice, however, citizens' obligations were neither codified nor greatly extended. The main impact of these ideas has been in welfare-to-work policy, where longstanding legal duties on unemployed people to take available work were built upon to develop the government's schemes for young people and other groups (Lødemel and Trickey 2000). It could be argued that such ideas about citizens' duties to hold themselves accountable to others though the state may have lain behind proposals for the extension of data sharing, especially in law enforcement services (cf. Etzioni 1999).

The debate among intellectuals about whether individuals had duties to others to ensure that the costs of their own health did not unduly burden their fellow

citizens, given the extent to which medical care is socialized in the UK, had less impact than might have been expected. In home affairs, this line of thought is used to justify greater parental responsibility for delinquency among teenagers (for instance, some parents are required to attend classes on achieving greater control over their children). In health, the only significant application of the argument was in allowing the NHS to recover costs of accident and emergency treatment for road accident victims against drivers' insurance in cases where liability was established. However, the government has now proposed significant extensions in compulsion in the treatment of people with mental health problems and with personality disorders, justified on the basis of a claim that such people have duties to follow medically prescribed regimes of treatment or care, and that these duties are strong enough or the risks great enough that they merit the greater use of coercion in the case of default (Department of Health 2002).

In public management terms, eliciting compliance with citizens' obligations requires a high degree of moral authority for government acting on taxpayers' behalf. Therefore, it is not surprising that, despite their general ideological stance, New Labour were cautious in their experimentation in this area save in fields where they were able to build upon already-accepted responsibilities, as in the case of benefit conditionality for unemployed, childless people.

Access

From the outset, the government placed great emphasis on increasing access to services, although there was perhaps some ambivalence over its meaning and purpose. Call centers are a key means, and health care provides the best known example of these.

The creation of the phone-in advice line, NHS Direct, was heralded to the public as a huge increase in access, but within the NHS it was sold to clinicians as a filtering and clinical triage mechanism. The push for more Web-enabled services was promoted, on one hand, as increasing access to services for many citizens who wanted to avoid in-person visits to professionals, but the design of many projects suggested that it was also hoped that it would deflect demand. Certainly, the expert patient (Department of Health 2001) initiative introduced in the NHS plan (Secretary of State for Heath 2000) shared both of these aspirations. Drop-in general practice centers and other no-appointment-required services were experimented with. The very modest programs for extending the rapidly shrinking service of NHS dentistry were trumpeted as being about access, although they did little to slow the hemorrhage of general dental practitioners from NHS work. The 2001 manifesto committed NHS hospitals to offering electronic booking systems, and promised patient rights to rapid reappointment or funded service by the private sector in the event of hospital default on appointments (Labour Party 2001). This left the main emphasis on access to services to be borne by the electronic government program.

Electronic Government

Finally, as we might expect in almost any country during the late 1990s, the rolling out of electronic service delivery, and the greater use of information

technologies in every aspect of public-sector activity, played a significant role in New Labour's approach to public-service management.

The strategy inherited from its predecessor (Chancellor of the Duchy of Lancaster 1996) was extended. Targets were set for making it possible for citizens to access services and carry out transactions with government online. Initially, all departments, agencies, and local authorities were expected to achieve this by 2008; later this was brought forward to 2005. The definition of what counted as online has wobbled—in some cases telephone access may count as satisfying the target—but the initiative has not been without effect. Certainly, there has been a dash to create Web sites with some interactivity. Very often, departments tended to rush existing service designs onto the Web in order to meet the deadline rather than redesigning service offerings from first principles, and some may still not meet the target (Stedman Jones with Crowe 2001). In the NHS, for example, a plethora of local pilot projects with smart cards for patient records, integrated patient record flow systems, and the like, seem unlikely to be capable of being brought easily or quickly together into a grand transformation of patient-facing information systems. The central unit responsible for e-government policy, the E-Envoy's Office, has attempted to discipline the activity by setting out standards and trying to ensure that all Web-based services can be reached through the general government portal at www.ukonline.gov.uk.

Like government in many other countries, New Labour hoped that by bringing together services at the point of the consumer interface, e-government would enable seamless and integrated working by all the back offices. The experience has rather disappointed this hope. Defining useful and manageably few life events around which to hang clusters of services has proved more difficult than expected. While it has proved possible to introduce a single change of address tool, this still has worrying error rates in the data-matching system due to incompatible data standards. The lack of a mass, multifunctional smart-card infrastructure or resources to roll one out has limited the extent to which licences, permits, passports, and other applications can be delivered electronically.

Overall, back office coordination has proven to be an organizational and not a technological challenge (6 et al. 2002). As one response to international terrorism, the government once again floated the idea of a smart identity card for identification of all adults (Home Secretary 2003), but the commitment and the cost implications remain unclear (6 2003).

Because of concerns about privacy and public trust, New Labour has had to tread carefully in relation to data matching to support integrated services, which is of increasing importance because of the government's desire to see greater use of customer relations management and customer segmentation in e-government (Office of the E-Envoy 2001). The major policy statement on this was delayed by over a year, and its proposals for extended powers for data sharing in several areas, subject to new privacy safeguards, are highly controversial (Performance and Innovation Unit 2002). Any primary legislation on this may have to wait for some time. At the same time, New Labour has suffered similar levels of underachievement as their predecessors in e-government projects: major high profile projects in criminal justice, the Child Support Agency, the National Air Traffic Control Service, and elsewhere, have been delayed, misdesigned, over budget, poorly managed, and in some cases all but abandoned. The result is that, despite the high hopes and political rhetoric of their first term, New Labour's e-

government program has been incremental rather than revolutionary, and has suffered from many of the same problems as the other elements of its public management style.

CONCLUSION

New Labour's modernization, then, is indeed a style in public management that is distinctive both from the approach of its conservative predecessors and perhaps also from that used in comparably sized Westminster-style parliamentary democracies in the developed world. However, that distinctiveness does not lie in any particular element of its approach: centralization, inspection, public-private partnerships, area-based initiatives, and the like are not in themselves particularly novel. Earned autonomy was not a significant element in the previous Conservative approach, and coordination and integration were only beginning to be explored during the Major administration in a few areas such as central initiatives in urban renewal and in service to small business (6 et al. 2002). Nor were citizens' obligations greatly stressed in the Conservative period. However, the simple continuist view is as shallow as the simple distinctivist one: continuity of some elements is not incompatible with distinctiveness in their combination. Earned autonomy, coordination and integration, and citizens' obligations can each be found to be given emphasis in some other countries' reform programs, but not necessarily together.

What is distinctive is the particular combination of commitments. Moreover, New Labour's signature in public management has evolved since 1997. For example, toward the end of the first term and into the second, there has been an apparently deliberate effort by government to control the tendency of constant introduction of new, small, special programs that distract the attention of public managers. Nonetheless, one of the particular features of New Labour's process of governance as experienced by public sector managers continues to be its perceived hyperactivity. Perhaps more importantly in demonstrating evolution, the principle of earned autonomy came to occupy an increasingly central role in balancing imperatives for, on one hand, central control and improved performance, and, on the other, local responsibility and motivation.

If New Labour ever did aspire to offer a depoliticizing style, to substitute managerialism (Clarke and Newman 1997) for politics in public administration, then it has not and could not have succeeded. For example, the politics of privacy structured the administration of e-government just as much as the politics of public control and private power gave form to the administration of private capital finance, or the politics of local feeling and local power elites defined its local government reforms. However, as we have shown, the language of modernization should not be read as one of apolitical managerialism, but as a rhetoric of political authority in order to legitimate greater central control over public management. Even the special case of apparent depoliticization, the handing to the central bank the power to set interest rates, was set about with accountabilities to the chancellor for achieving symmetrical inflation targets and the like.

The reading of New Labour's public management style as innovative in its constitutional change is correct only in part. In Scotland over the medium term, and perhaps eventually in London, there will be important changes in public

management as a result of the constitutional changes. But what is interesting about the relationship between New Labour's constitutional program and its approach to public management is just how successful it has been in insulating the latter from the effects of the former in the short term. However, New Labour has experienced real difficulty in implementing some of the most distinctive aspects of its style. Grand aspirations for e-government continue to be just that, dogged by implementation failures and political controversies over privacy. Earned autonomy has proved difficult to legitimate politically in the NHS, although easier in local government where public esteem for the institution is less. Inspection and central standard and target setting have been expensive and may have undermined commitment and morale by public servants.

Does New Labour's signature, as analyzed through these ten commitments, mark a departure from the principles of NPM, as some of its own policy staff have claimed (e.g., Mulgan 2001)? Since few academic analysts would today argue that, examined cross-nationally, NPM represents convergence between countries (Pollitt and Bouckaert 2000), such claims are hard to assess empirically. Nevertheless, to the extent that at least in many countries, what was done under that rubric was more concerned with achieving managerial focus through business process reengineering within functions rather than on coordination and integration between them (e.g., Barzelay with Armajani 1992), then there may be something to be said for this. Against this, however, it should be noted that this approach is now gaining greater emphasis, albeit in very different ways, in many countries (6 2004). It is more likely that if New Labour's commitment to coordination and integration is distinctive cross-nationally, it will be as a consequence of the peculiar combination of central standard setting and earned autonomy by which this is pursued rather than in the simple fact of its making substantial policy efforts to pursue the goal at all.

If the New Labour experience offers lessons for other countries, then, they cannot consist of simple models to be emulated or traps to be avoided. Rather, New Labour's approach to public management will be of wider interest principally for the balance of advantage and risk in its attempt to make operational some combination of greater political control over public management whilst also eliciting commitment and innovation. In this sense, what international researchers might want to focus upon in future is the fate of the programs of earned autonomy, for it is their content, coherence, and implementability which may hold the key to understanding the viability of New Labour's distinctive approach in public management, and the extent to which it has anything to teach others.

REFERENCES

6, P. 1997. *Holistic Government.* London: Demos.

—. 2003. *Entitlement Cards: Benefits, Privacy and Data Protection Risks, Costs and Wider Social Implications.* Wilmslow, UK: Office of the Information Commissioner. Available at http://www.dataprotection.gov.uk/dpr/dpdoc1.nsf/24afa328dcbf83d8802568980043e730/292

4d87f53cb414180256cc5003fcd96/$FILE/perri6_annexb_ecards_paper_ic_rvsd_final_ver.do
c, Internet.

—. 2004. "Joined-up Government in the Western World in Comparative Perspective: A Preliminary Literature Review and Exploration." *Journal of Public Administration Research and Theory* 14:103-38.

6, P., D. Leat, K. Seltzer, and G. Stoker. 1999. *Governing in the Round: Strategies for Holistic Government*. London: Demos.

—. 2002. *Toward Holistic Governance: The New Reform Agenda*. Basingstoke, UK: Palgrave.

Barzelay, M., with B.J. Armajani. 1992. *Breaking through Bureaucracy: A New Vision for Managing Government*. Berkeley: University of California Press.

Bevir, M., and D. O'Brien. 2001. "New Labour and the Public Sector in Britain." *Public Administration Review* 51:535-47.

Bogdanor, V. 2001. *Devolution in the United Kingdom*. 2d ed. Oxford, UK: Oxford University Press.

Brooks, J. 2000. "New Labour's Modernization of Local Government." *Public Administration* 78:593-612.

Burnham, P. 2001. "New Labour and the Politics of Depoliticization." *British Journal of Politics and International Relations* 3:127-49.

Chancellor of the Duchy of Lancaster. 1996. *Government Direct*. London: Stationery Office.

Clarke, J., and J. Newman. 1997. *The Managerial State: Power, Politics and Ideology in the Remaking of Social Welfare*. London: Sage.

Cutler, T., and B. Waine. 2000. "Managerialism Reformed? New Labour and Public Sector Management." *Social Policy and Administration* 34:318-32.

Department of Health. 2001. *The Expert Patient: A New Approach to Chronic Disease Management for the 21st Century*. London: Department of Health. Available at http://www/doh.gov.uk/cmo/ep-report.pdf, Internet.

—. 2002. *Draft Mental Health Bill—Consultation*. London: Department of Health. Available at http://www.doh.gov.uk/mentalhealth/draftbill2002/index.htm, Internet.

Deputy Prime Minister. 2002. *Freedoms and Flexibilities for Local Government*. London: Office of the Deputy Prime Minister. Available at
http://www.local-regions.odpm.gov.uk/freeflex/index.htm, Internet.

Driver, S., and L. Martell. 1998. *New Labour: Politics after Thatcherism*. Cambridge, UK: Polity Press.

Etzioni, A. 1993. *The Spirit of Community: Rights, Responsibilities and the Communitarian Agenda*. 2d ed. London: Fontana, HarperCollins.

—. 1999. *The Limits of Privacy*. New York: Basic Books.

Field, J., and E. Peck. 2003. "Public-Private Partnerships in Health Care: The Managers' Perspective." *Health and Social Care in the Community* 11:494-501.

Flinders, M. 2002. "Shifting the Balance? Parliament, the Executive and the British Constitution." *Political Studies* 50:23-42.

Hacking, I. 1992. "World-making by Kind-making: Child Abuse for Example." Pp. 180-238 in M. Douglas and D. Hull, eds., *How Classification Works: Nelson Goodman among the Social Sciences*. Edinburgh, UK: Edinburgh University Press.

Home Secretary. 2003. *Identity Cards: The Next Steps*. Cm 6020. London: Stationery Office.

Hood, C.C., O. James, G. Jones, C. Scott, and T. Travers. 1999. *Regulation inside Government: Waste Watchers, Quality Police, and Sleaze-busters*. Oxford, UK: Oxford University Press.

Labour Party. 2001. *Ambitions for Britain: Labour's Manifesto 2001*. London: Labour Party.

Lødemel, I., and H. Trickey, eds. 2000. *'An Offer You Can't Refuse': Workfare in International Perspective*. Bristol, UK: Policy Press.

Lund, B. 1999. "'The Poor in a Loomp is Bad': New Labour and Neighbourhood Renewal." *Political Quarterly* 70:280-85.

Mayhew, L.H. 1997. *The New Public: Professional Communication and the Means of Social Influence*. Cambridge, UK: Cambridge University Press.

Mulgan, G. 2001. "Joined-up Government: Past, Present and Future." Paper presented at the British Academy conference on Joined-up Government, 30 October, British Academy, London.

Mulgan, G., and P. 6. 1996. "'The Local's Coming Home: Decentralization by Degrees,' in *The Return of the Local*." *Demos Quarterly* 9:3-7.

Newman, J. 2001. *Modernizing Governance: New Labour, Policy and Society*. London: Sage.

Office of the E-Envoy. 2001. *UK Online: Broadband Strategy*. London: Office of the E-Envoy, Cabinet Office.

Peck, E. 2001. "Modernizing the NHS: A Game of Two Halves." *British Journal of Healthcare Management* 7:198-201.

Performance and Innovation Unit. 2002. *Privacy and Data Sharing*. London: Performance and Innovation Unit, Cabinet Office.

Pollitt, C. and G. Bouckaert. 2000. *Public Management Reform: A Comparative Analysis*. Oxford, UK: Oxford University Press.

Powell, M., ed. 1999. *New Labour, New Welfare State? The 'Third Way' in British Social Policy*. Bristol, UK: Policy Press.

Power, M. 1997. *The Audit Society: Rituals of Verification*. Oxford, UK: Oxford University Press.

Prime Minister and Minister for the Cabinet Office. 1999. *Modernizing Government*. Cm 4310. London: Stationery Office.

Rhodes, R.A.W. 2000. "New Labour's Civil Service: Summing Up 'Joining Up.'" *Political Quarterly* 71:151-66.

Savage, S.P., and R. Atkinson, eds. 2001. *Public Policy under Blair*. Basingstoke, UK: Palgrave.

Secretary of State for Environment, Transport and the Regions. 1998. *Modern Local Government: In Touch with the People*. London: Stationery Office.

Secretary of State for Health. 1997. *The New NHS: Modern, Dependable*. Cm 3807. London: Stationery Office.

—. 1998. *Modernizing Social Services: Promoting Independence, Improving Protection, Raising Standards*. Cm 4169. London: Stationery Office.

—. 2000. *The NHS Plan: A Plan for Investment, a Plan for Reform*. Cm 41818-I. London: Stationery Office.

—. 2002. *Delivering the NHS Plan: Next Steps on Investment, Next Steps on Reform*. Cm 5503. London: Stationery Office.

—. 2003. *Localism: From Rhetoric to Reality*. Speech to the New Health Network and New Local Government Network, February 5. Available at http://www.doh.gov.uk/speeches/milburnfeb03localism.htm, Internet.

Secretary of State for Transport, Local Government and the Regions. 2001. *Strong Local Leadership, Quality Public Services*. London: Department for Transport, Local Government and the Regions.

Seldon, A., ed. 2001. *The Blair Effect: The Blair Government 1997-2001*. Boston: Little, Brown.

Stedman Jones, D., with B. Crowe. 2001. *Transformation Not Automation: The E-government Challenge*. London: Demos.

Taylor, M. 1999. "Freedom for Modernization." Paper presented at the Institute for Public Policy Research Conference, October, London.

Weick, K. 2001. *Making Sense of the Organization*. Oxford, UK: Blackwell.

Williams, N. 1999. "Modernizing Government: Policymaking within Whitehall." *Political Quarterly* 70:452-59.