British Journal of Politics and International Relations,
Vol. 2, No. 3, October 2000, pp. 302–325

New Labour's Third Way: pragmatism and governance

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Abstract

The article critically examines New Labour's development of the concept of the Third Way. Despite the apparent centrality of 'social democracy' to the Third Way, it is proposed that a more pragmatic approach dominates, in that outputs and not ideology are driving the new agenda of governance under New Labour. This is seen to have its roots in the new ways of working the party has embraced in local governance, where public–private partnerships have become the norm and a new ethos of public service has emerged. In contrast with the top-down approach to setting output targets favoured by Tony Blair, the Third Way offers the possibility of a more experimental, pragmatic and decentralised decision-making process—and the local governance network (with elected local councils as pivotal and legitimising actors) is presented as the ideal agent to deliver this.

When New Labour swept to power in May 1997 the party's lack of a clear ideological framework was not foremost in the minds of voters; it was enough for many that New Labour was not the Tories. However, the continuing criticism that New Labour conceals a 'principle free zone' (Maude 1998) and that many of the party's principles are 'something worse than vagueness' (Crick 1999, 26) is potentially damaging if allowed to gain a foothold in the public mind. For many reasons, the party needs to be seen to stand for something concrete. This article begins by examining the recent history of New Labour's search for a defining ideology, examining some of the theoretical and empirical influences on the party and then

outlining Tony Blair's vision of the Third Way. Importantly, it is posited that something genuinely new may be happening in British politics, in that outputs and not ideology appear to be driving the new agenda of governance under New Labour.[1] The antecedents of the Third Way are varied but it has important roots in the local governance system, where many of the principles and policies associated with Third Way have become common practice, resulting in a change of ethos among service providers, which, *inter alia*, has proved conducive to the achievement of centrally set output targets. Finally, an interpretation of what the Third Way *should* be is offered—that is, experimental, pragmatic and decentralised decision-making—and the local governance network (with the elected local council as the pivotal and legitimising actor) is presented as potentially the ideal agent. Such an interpretation conflicts with the inherent centralisation in the move to output politics.

New Labour—the search for a defining ideology

The Third Way is not the party's first choice of a defining ideology. After a brief flirtation with communitarianism during the early 1990s, Labour launched the 'stakeholder society' (Hutton 1995, and others). However, this turned out to be unsaleable—the 'stakeholder society' (in short, a mix of government offering opportunities to the individual citizen in return for a larger measure of individual responsibility) was vague and uncomfortably inegalitarian, as well as being both misunderstood and not understood by the political elite and the wider polity. For critics, the imprecision of stakeholder government was a major factor in its appeal for New Labour (Maltby and Wilkinson 1998, 197) but that imprecision may also have contributed to its failure to catch the imagination.[2] Elements of both stakeholding and communitarianism can be found in the Third Way (see Brittan 1999) but while communitarian ideas have undoubtedly influenced New Labour (Willetts 1996), there are elements of coercion in some New Labour policies—for example, welfare to work—which differ fundamentally from most expressions of communitarianism (Buckler and Dolowitz 2001).

Despite the failure of Hutton's stakeholding and Etzioni's communitarianism to inspire public and party, the party still longs for a 'Big Picture' (Tonkin 1998). As a trenchant American critic puts it, 'Europe's intellectuals' after 'generations of denigrating capitalism' (Novak 1998, 3) have come to doubt much of their traditional understanding. Dionne perceptively points out that voters clearly like and want capitalism, so in order to

win elections 'parties on the left … have to prove they're comfortable with the market and accept its disciplines'; however, voters want capitalism tempered by other values, such as community and compassion. Therefore, New Labour felt it necessary to launch a Third Way, which embraced capitalism but also addressed the need for 'realism with a heart' (Dionne 1999, A17).

The problem for New Labour is that the ideological changes it has made were seen by many influential commentators as driven purely (or predominantly) by electoral expediency; they were playing the 'politics of catch-up' when what was needed was an 'alternative vision' to Thatcherism (Hay 1994, 701). Those political scientists who attended the session at the Political Studies Association Conference (Durham, 1990) where Peter Mandelson responded to the question, 'is there any policy of Labour's that you would not be prepared to abandon if you thought it would gain votes?', with the one word answer 'no', will never forget that moment. To the massed ranks of largely cynical political scientists, it seemed to sum up the agenda of Neil Kinnock's Labour party precisely.[3] Since then, the party elite appears to have realised that simply 'not being the Tories' is not enough in the long term. So, at the same time as the party trumpets its new pragmatism and its willingness in both seeking funds from business and presenting itself as capable of managing a modern economy without resort to the old shibboleths of cloth-cap Labour, the search for a new model to put 'theoretical flesh' (Giddens 1998, 2) on the bones of its policies has assumed great importance. Among other things the Third Way project has contributed to raising Blair's international profile (Michel and Bouvet 1998) and too much is now invested in the Third Way for it to be jettisoned as quickly as stakeholding.

Some influences on the Third Way

This is not the place for a detailed examination of the theoretical and empirical foundations of the Third Way, but it is essential to examine a few of the key influences in the transition from Labour to New Labour. The idea that the Third Way is merely a label to shroud pragmatism is not tenable. Pragmatism is a key element of the Third Way but Labour has a long history and the party's association with ideas of fairness and egalitarianism is a valuable resource. In discussions of the Third Way, little reference tends to be made to Labour's own history, perhaps because New Labour is so often characterised as an 'ideological departure' from the party's past (Buckler and Dolowitz 2001); when Labour's commitment

to nationalisation was ditched, Blair declared 'today a new Labour party is being born' (in King and Wickham-Jones 1999b, 268). The 'modernisation' project goes back at least to the jolt Labour received from the creation of the Social Democratic Party (SDP) in 1981, and the general election defeat of 1987 led Neil Kinnock to implement a policy review which 'left virtually no aspect of policy unexplored' (Blackburn and Plant 1999, 1). Earlier, the public—private ownership debate was a feature of both Tawney's (1952) and Crosland's (1956) work, both influential works in centre-left thinking. That said, although Home Secretary Jack Straw cites Tawney's *Equality* as an influence (McElvoy 1998), it would be a mistake to link the Third Way too closely to the concerns of the traditional British centre-left (see Buckler and Dolowitz 2001). For example, Crosland's central argument for demand management to ensure full employment, an effective welfare state and economic growth, contrasts with New Labour's rejection of Keynesianism (King and Wickham-Jones 1999a).

Margaret Thatcher is a more obvious contributor to the Third Way. Quite apart from Blair and Thatcher's mutual admiration (Blair 1996), some of the roots of the Third Way unarguably lie in the response to the local governance reforms she introduced, such as compulsory competitive tendering (CCT). Despite this, the consensus when Thatcher left office was that either nothing much had changed or that change had been relatively insignificant (Glennerster and Midgely 1991). Such beliefs overlooked the revolution in the way services were being provided and the challenges to 'fundamental assumptions' about the role of state, private sector, community and voluntary organisations (Mayo 1994, 4–5). These changes —especially the introduction of a strong market ethos into the local governance system—had a fundamental impact on the provision of public services in Britain. The culmination was to come in New Labour's realisation of the enormous co-ordinating power the removal of local democratic control from many services potentially gave to central government (see also Jenkins 1999). Blair has often stressed his admiration for many of the changes instituted by Margaret Thatcher (Blair 1996), and Cabinet Secretary Richard Wilson (1999) recognises the importance of perhaps the most significant administrative reform instituted during Thatcher's era, the introduction of next steps agencies. The creation of arm's-length agencies allowed the executive to concentrate on policy matters and also introduced a newly 'rationalised', local 'quasi-civil service' more receptive to meeting centrally set targets. As Richard Wilson notes, there is 'now a much sharper focus on the outcomes that the government wishes to deliver in the community' (Wilson 1999).

There have also been attempts to place the Third Way in a broader philosophical perspective. Buckler and Dolowitz argue that Rawlsian social justice 'provides a philosophical position suitable to characterising [New Labour's] agenda' (2001). However, Blair himself, despite admitting its 'elegance and power' specifically rejected Rawls' 'highly individualistic view of the world' (in King and Wickham-Jones 1999a). It must also be noted that their link between Rawls' philosophical principles and New Labour's policy agenda is somewhat convoluted, although the intellectual rigour with which Buckler and Dolowitz pursue the argument is admirable.

The ideas and principles that New Labour was beginning to assemble in its rebuilding lacked cohesion and Robert Putnam's concept of social capital was utilised by Labour insiders to ensure the 'new party' would be 'built on firm intellectual foundations' (Gould 1998, 231). As Putnam put it: 'the greater the level of trust within a society, the greater the likelihood of co-operation' (1993, 171). However, there are problems with Blair's utilisation of social capital—'high levels of social capital assume consent, informal spontaneous arrangements and limits to the marginalisation of groups' (King and Wickham-Jones 1999a, 21)—but Blair maintains that 'duties of citizenship', if neglected, will need to be enforced (1999, 12). 'Enforced' social capital is a contradiction and Blair's exposition of the Third Way is 'elusive' about the substance of his commitment to social capital (King and Wickham-Jones 1999a, 20). The clash of Blair's continuation of Thatcher's centralisation of power (Jenkins 1999) with communitarian ideas and attempts to build social capital in the sense of wider citizen involvement is apparent. An essential element of rebuilding trust in government is to foster community decision making (Wilkinson and Applebee 1999), but this conflicts with the need for local actors to meet centrally determined outputs. Thanks to the changes instituted by Thatcher's governments, and his emphasis on achieving measurable outputs, Tony Blair is in control of a government machinery which has unprecedented peacetime power over the actions of local actors. In part, his power is due to a widespread consensus on the need for the public, private and voluntary sectors to work together in a 'positive welfare' system encouraging autonomy and initiative as its prime focus (Giddens 1998, 128).

However, some observers doubt the apparent power of national actors and maintain that it is decisions taken beyond our national boundaries which now have the greatest impact on all our lives (see Dunleavy 1997). The fundamental changes in government of the 1980s, such as the raft of reforms under the broad framework of New Public Management, are seen

as largely a response to wider global and technological developments (Massey 1997, 21). If the last 20 years or so tell us anything about politics, it is that explanations that underplay the role of individuals need to be treated with suspicion. It is difficult to disagree with Stuart Hall that Blair has been shaped and formed by his experience of Thatcherism and that the 'Blair project' is 'framed by and moving on terrain defined by Thatcherism' (Hall 1998). As Hall's comments indicate, Thatcher *counted*, but so does Blair. He has modernised and led his party in a more dynamic way than his predecessor, the late John Smith, could have done (see Rogaly 1993).

King and Wickham-Jones (1999b) make a convincing case for the debt owed by New Labour to Bill Clinton's repositioning of the Democratic party. Labour strategist Philip Gould produced a powerful argument that, in order to win, Labour needed to repackage itself in the same way, but his paper with Patricia Hewitt was not well received by Smith's leadership team (Gould 1998, 175; see also King and Wickham-Jones 1999b, 264–270). It was only when Smith was succeeded by Blair in July 1994: 'that the thrust of the modernisation project was resumed' (Kavanagh 1997, 217). With Blair as leader, the idea of 'New Labour' has caught the public imagination and is a much cleverer piece of re-branding than it seemed initially. The freedom the simple addition of 'New' gives Blair is considerable. It implies fundamental change but the old Labour brand name reassures voters that the new party has not forgotten its commitment to notions of fairness and social justice. Blair's election as leader marks a transition from old to new as significant as the West German Social Democrats' ditching of Marxism in 1959. Both events signalled a fundamental change to sceptical electorates. Arguably, a Bevan (or even a Bevin) would not recognise Blair's party as the descendant of the post-war Labour party which launched the welfare state. Indeed, throughout this article I use 'New Labour' to describe Blair's party and to distinguish it from the old Labour party precisely because of the movement away from the ideological imperative of the old Labour party. Although pragmatism about means was a key factor, ideology drove the Thatcherite revolution; it achieved necessary change but that change was also dysfunctional. In the words of a senior local Labour politician, 'what it did was achieve the dislocation required to allow things to be put together again' (interview 1999). This prompts the thought that, rather than the Third Way's stated aim of a rebirth of social democracy, Blair's true 'historic project' might be adjusting us to Thatcherism (Hall 1998).

What is apparent from this brief examination is that the influences on New Labour have been varied, some of the components that inform the

Third Way are in potential conflict and there are ambiguities in Blair's position. For example, one of the ideas adopted from President Clinton, welfare to work, contains elements of coercion conflicting with communitarian ideas, as does Blair's argument that a modern notion of community recognises 'individual choice and personal autonomy' (in Buckler and Dolowitz 2001). However, such contradictions are inevitable in the complex process of formulating a new position (King and Wickham-Jones 1999a).

Tony Blair—the Third Way as the unification of liberalism and social democracy

Before assessing Tony Blair's account of the Third Way, it is necessary to point to the debt his brief Fabian pamphlet clearly owes to the ideas of Anthony Giddens. As Bryant (1999, 18) points out, 'most of the concepts and ideas in [Blair's] pamphlet are simple versions' of Giddens' ideas. However, and perhaps of necessity, Blair's vision is 'less radical' and, while they have much in common, 'they do not represent a single vision' (ibid.). As with previous plunderings of relatively complex intellectual positions, New Labour has extracted and simplified the concepts that it needs. Tony Blair says that governments need a 'powerful commitment to goals and values' but that, in order to become 'popular and widely understood', ideas need labels; in his opinion, the Third Way is the best label for 'new politics' being forged by 'the progressive centre left' in Britain and elsewhere (Blair 1998, 1). Despite Vincent's claim that the new socialism 'appears to see itself as a form of "middle way" between the New Right and the old socialist concerns' (Vincent 1998, 52; see also Brittan 1999, 25: Novak 1998), Blair maintains the Third Way is *not* an attempt to split the difference between right and left; it stands for a: 'modernised social democracy … founded on the values which have guided progressive politics for more than a century—democracy, liberty, justice, mutual obligation and internationalism'. For the Prime Minister, the Third Way moves *beyond* the 'old left' and the 'new right', drawing its vitality from its attempt to unite the two great streams of left-of-centre thought, that is, social democracy and liberalism, 'whose divorce this century did much to weaken progressive politics across the West' (Blair 1998, 1). His decision to involve the Liberal Democrats in the committees of Cabinet government, despite Labour's huge parliamentary majority rendering this apparently unnecessary (and incomprehensible to some of his senior colleagues), fits completely with this ideological aim.

There is no doubt about the social democratic project at the heart of the Third Way. For Giddens, as for Blair, the Third Way (despite the title of an earlier work of his, *Beyond Left and Right* (1994)) is essentially about the updating of social democracy rather than a synthesis with new right ideology or even a movement away from ideology. Northern European countries (Germany, Holland, Sweden), where state involvement in all aspects of society is generally more formalised than within the United Kingdom, are frequently cited by Giddens as examples of such ideas in practice. Despite this, it is undeniable that European models of social democracy have historically had very little influence on the development of Labour's ideology. Indeed, Blair's articulation of the Third Way has specifically 'been designed to demonstrate his distance from European social democracy' (King and Wickham-Jones 1998, 451).

Tony Blair's 'mission' is to promote and reconcile 'the four values which are essential to a just society which maximises the freedom and potential of all our people—equal worth, opportunity for all, responsibility and community' (Blair 1998, 3). Blair admits a great deal of pragmatism is essential to give those values practical effect. As he acknowledges:

> some commentators are disconcerted by this insistence on fixed values and goals but pragmatism about means. There are even claims that it is unprincipled. But I believe that a critical dimension of the Third Way is that policies flow from values, not vice versa. With the right policies, market mechanisms are critical to meeting social objectives, entrepreneurial zeal can promote social justice, and new technology represents an opportunity, not a threat (Blair 1998, 4).

As Blair himself says, New Labour's approach to policy is based upon 'permanent revisionism', a continual search for better means to meet the party's goals. Most commentators have missed the implication of this and of Tony Blair's comment that policies flow from values rather than vice versa. Robert Harris points out that this is:

> one of the most startling propositions I have ever heard advanced by any British politician … What Mr Blair is stating, in effect, is that he doesn't intend to play politics by the old rules any more. He reserves … the right to change his policies as circumstances change, and he will do so not merely as matter of expediency but '*as a matter of principle*' (Harris 1998, emphasis in original).

Smith (1998) argues that, given that part of the Third Way's appeal to Tony Blair may well have been its general lack of precision (room for manoeuvre being a valuable political resource), there is a danger that Blair may come to regret his reliance on 'left-of-centre sociologists' such as Giddens. However, as Harris has observed, the imprecision of the Third Way allows New Labour almost unlimited ideological flexibility while the right to change polices 'as a matter of principle' also affords the party a defence against accusations of U-turns.

Tony Blair openly admits the centrality of pragmatism to his project, so is the Third Way merely an attempt by him to justify this pragmatism? Tonkin notes that what is really new about the Third Way is the Blair government's belief that:

> pragmatism cannot justify itself. Even the art of the possible must dress itself up as an idealist's abstract dream. New Labour seeks an overarching theory to explain its not having an overarching theory. And you can't get much more post-modern than that (Tonkin 1998).

Tonkin makes an amusing point, but overlooks the necessity of 'ideology' to a party. Political parties cannot be at heart Machiavellian—or if they are they cannot make a virtue of it. It is essential for many reasons that parties stand for 'something'. Electorates like parties with 'principles', activists at all levels are largely driven by 'principles' and predominantly office-seeking politicians lack a coherent agenda when governing which can translate into an appearance of drift and vacillation, or even corruption. A belief in the primacy of the state as a provider of a universal welfare system 'from the cradle to the grave' may be something with which you agree or disagree, but at least you know where you stand with a party that espouses such a view. New Labour's apparent ideological imprecision is both its strength and its weakness—on the one hand, it gives the party enormous freedom of movement, but on the other hand, whatever the influence of post-modernist thought, both elites and the electorate still expect a party to stand for easily identifiable positions on the relative roles of the state and civil society. Inevitably, there has been criticism from what it might now be more accurate to term 'the old new right'.

Francis Maude, in a speech to the Social Market Foundation (1998), ridiculed the notion of the Third Way as a 'principle free zone' in which Labour attempts to have its cake and eat it. Of course, it is not only 'the old new right' who attack the perceived emptiness of the Third Way; many

on the left are equally concerned about a lack of substance behind the shiny façade of New Labour. Bernard Crick wonders what the 'public philosophy' of the party is, fearing that 'pluralism has lost out to centralism' (1997, 349), and Vincent worries the 'new socialism' lacks 'theoretical gravitas' (1998, 57). Dionne comments that the strongest critique of the Third Way is that 'its careful balancing act sounds too good to be true' (1999, A17). Clearly aware of the potential for such criticisms, Giddens argues that:

> in the UK as in many other countries at the moment, theory lags behind practice. Bereft of the old certainties, governments claiming to represent the left are creating policy on the hoof. Theoretical flesh needs to be put on the bones of their policy-making—not just to endorse what they are doing, but to provide politics with a greater sense of direction and purpose (Giddens 1998, 2).

So, for Giddens and others, without the essential theoretical underpinnings the New Labour project will continue to be seen by many people as 'no more than election rhetoric, a marketing ploy with little substance' (Vincent 1998, 48).

A reformulation of social democracy?

Giddens maintains that New Labour is not just about image and that 'a substantive agenda is emerging' (Giddens 1998, 155). Critics (for example, Sengupta 1998) argue this agenda represents a distinct shift ideologically to the left. If this is the case, and if the substantive agenda is broadly 'social democracy' (as both Blair and Giddens insist), many observers feel it is doomed to fail. It is not only that the structural and managerial reforms of previous governments 'are too well advanced to go backwards' even if Labour wished to do so (Massey 1997, 24), but also that there is no desire for the project electorally. John Gray argues that, while the new social democratic consensus is an improvement on the 'sterile and atavistic debate between new right and old left', it is a 'backward-looking perspective' because one of the 'irreversible consequences' of Thatcherism (despite Thatcherism's failure to diminish poverty or roll back state expenditure) is 'the impossibility of any return to the policies and institutions of social democracy' (Gray 1997, 327). This is both for historical reasons (the collapse of the class base of such parties) and because of the unsustainability of a large state 'in which neither taxpayers nor leaders can be relied

upon to finance public deficits' (ibid., 328). Just as the New Right could not return to a lost 'old moral world', so the belief that, just because Thatcherism became unpopular, there will be a 'renaissance of collective sentiment' is unrealistic. We live in a more individualistic and pluralist culture, as Blair frequently acknowledges (Blair 1999), and Gray believes that what is important is to recognise this and try to make 'our individualism less possessive and more convivial' (Gray 1997, 334). This process will be necessarily incremental, argues Gray. There appears to be no essential conflict between the views of reformed Thatcherites such as Gray and the erstwhile socialists and Marxists who have embraced the New Labour project. Despite their stated commitment to social democracy, experimentation rather than adherence to some rigid ideological framework is (allegedly) the guiding characteristic of Giddens' and Blair's Third Way.[4]

The inherent need for experimentation and flexibility poses an immediate and more concrete problem in the Third Way project for Britain—such an approach appears to demand a less centralised political and bureaucratic state than we currently have. Will British central politicians and civil servants allow such flexibility? Labour MP Dennis MacShane wonders whether the state can 'adapt to the demands of post-socialist politics as defined by Anthony Giddens' (MacShane 1998, 5). For MacShane, Britain, despite being the 'birthplace of third-way politics', may be the most difficult country for the Third Way to prosper. There is concern that New Labour ministers seem as disinclined as their Conservative predecessors to allow local actors to take decisions in high-profile areas such as education and health, or to allow local authorities to introduce genuinely radical programmes to decentralise their own decision making, where Labour's responses have sometimes demonstrated an 'enormous gap' between rhetoric and practice (Sumners 1996, 206). The national business rate will stay, says the 1998 White Paper on modernising local government. Councils will be compelled to prepare plans to bring in new models of local government (DETR 1998), one of which apes the 'cabinet with a leader' model which largely accounts for the failure of accountability at the centre of government: little sign there that local experimentation will be allowed to prosper except within rigidly controlled boundaries. Tony Blair offers devolution as an example of his party's willingness to decentralise power, but limited devolution to Scotland and Wales can be seen as 'exceptions born of political necessity' rather than 'a general desire to devolve as much government as possible from Whitehall and Westminster' (Crick 1997, 349).

From ideology to output politics

French Prime Minister Lionel Jospin has said that: 'if the Third Way lies between ultra-liberalism and state socialism I'm interested. If the Third Way locates itself between (neo-) liberalism and social democracy, count me out' (quoted in *The Independent,* 16 September 1998, 5). Quite apart from the problem of defining 'ultra' and 'neo' liberalism, this implies a fixed position upon an ideological continuum, from which remedies for all problems can be found. As we have seen, if the Third Way is to be about anything, it is that the best way to achieve the goal, no matter what its ideological baggage, is the way that should be chosen. For example, Labour has a goal for junior and secondary education—high standards, largely measured by examination results. If the local education authorities fail to deliver higher standards then David Blunkett will allow private companies to bid to run schools inside Education Action Zones (EAZ), to be established in areas with poor educational facilities and results. Such a decision would have been inconceivable for previous administrations, *even* for the 1979–1990 Conservative governments. How deep the Thatcherite revolution has gone is demonstrated by the willingness of trade unions to bid to run schools.

David Blunkett, who as Shadow Education Minister once famously told a Labour party conference 'read my lips, no selection', now in office accepts that action zones may well produce privately controlled state schools selecting pupils on the basis of ability. Responding to concerns that such developments will also lead to private firms making profits from running state schools, Blunkett avers: 'in the end, it is outcomes that matter' (*File on Four*, BBC Radio 4, 2 February 1999). For New Labour, if a private company can deliver the same 'essential' services more cheaply than the state *and* make a profit, where is the problem? Of course, such attitudes have long been common in local government; however much Thatcherite local initiatives were initially opposed by many councillors, the realities of central control soon ensured a healthy dose of pragmatism among Labour and Liberal Democrat councillors, a point I examine below.

Something genuinely *new* is happening in British politics. The agenda is not ideologically driven, but output driven, although it must be stressed that a focus on outputs does not preclude a commitment to central values, which New Labour clearly has. The movement away from a concern with processes towards a stress on outputs means that quangos such as health authorities are increasingly expected to deliver measurable improvements in their services by almost any means possible (see Temple 2000). At

national level, New Labour's five pledges to the electorate before the 1997 general election established, along with some rhetoric about strengthening the economy, four specific performance targets—for example, a promise to cut class sizes to 30 or under for five, six and seven year olds and to halve the time from arrest to sentencing for young offenders (Labour's 1997 Election Manifesto). Since their victory, more specific promises have appeared in many areas of government. This process, of course, preceded New Labour. Previous governments have, however, mostly shied away from posting too many such hostages to fortune. For example, the Conservatives' 1992 *Health of the Nation* White Paper set a total of 27 health 'targets' but with the emphasis on achieving changes in sexual behaviour and eating, drinking and smoking habits they were widely criticised for being 'unrealisable' (BBC News *Online*, 19 May 1998). Likewise, Citizens' Charter commitments have tended towards the bland and unverifiable such as promises to deliver 'high-quality services'. Although soundbites sometimes seem to dominate political debate, in amongst the generalisations about 'improving standards' the targets set by New Labour tend towards the high-profile and measurable. Government is setting targets and 'forcing' local service providers to work towards them. For example, Health Action Zones are effectively government agencies specifically designed to meet central government targets—only local actors committed to such targets are 'invited on board' (interview with health authority member, 1999).

New Labour's second 'annual progress report' (another innovation) claimed that 90 of 177 election promises had already been met, although the Conservatives said Labour had only achieved 45 (*The Guardian*, 27 July 1999). The publication of a high-profile annual report seems to be signalling that central government is also taking responsibility for failure as well as success. Although that does not preclude them spreading the blame around a bit, the recognition that it is New Labour that will be judged if these locally implemented targets are not met gives some authority to central direction. Since Blair, the spending departments are given clear targets against which the success or failure of ministers is judged; the formerly great Departments of State are now arguably little more than agencies of central government (or, perhaps more accurately, agencies of the 'prime manager' of the system, Tony Blair). Public service agreements 'are designed to measure each minister's output against his or her budget … The Treasury apparently has a matrix of 525 departmental objectives.' For Simon Jenkins these are 'the madcap scorecards' by which ministers now get judged in Blair's 'joined-up dictatorship' (Jenkins 1999, 24).

The move to outputs has gone beyond the setting of executive/departmental targets designed for local governance actors to achieve and has entered new constitutional territory. Following critical reports of Wormwood Scrubs prison by Sir David Ramsbotham, the Chief Inspector of Prisons, the Prisons Minister (Lord Williams) and Martin Narey, Director-General of the agency set up to run prisons, the Prison Service, both said they would resign if the jail was not 'turned around' within 12 months (*The Guardian,* 26 June, 1999). Such ministerial behaviour is unprecedented in Britain. Ministers and quangocrats have traditionally resigned (if at all) for failures of correct process, or, far more often, as a result of personal sexual and financial scandals. Now, a possible precedent has been set that ministers and quango heads who fail to achieve specified outputs will be expected to resign.

One aspect of New Labour's specific aims has been largely ignored. Here we have a series of goals by a British government that everyone can broadly agree with; for example, to reduce class sizes and cut waiting lists by specific figures. Not only that, the government is prepared to listen to suggestions about achieving those aims from any source, even to the extent of allowing private companies or trade unions to run our state schools and to allowing another political party to contribute formally within government to that debate. Despite Francis Maude's belief that 'the great battle of political ideas is just beginning' (1998), it could be proposed from the evidence that the end of ideology—much trumpeted but unseen since Daniel Bell's first tentative proposal (1961)—is arguably in sight. As Robert Harris points out, 'the removal from the political scene of the whole notion of "left" and "right" and its replacement by some endlessly shifting "third way"—that would be a revolution' (Harris 1998; see also Marr 1999).

At the start of the 21st century, while ideology may not be dead yet, looking around the world at a host of governments from both 'right' and 'left' one could be forgiven for thinking so; Clinton, Blair, Jospin, until recently Kohl, from apparently widely differing social, political and historical perspectives, occupy largely the same ground. Arguably, and the pragmatism implicit in the Third Way recognises this, the best governments can hope to do is respond incrementally to external pressures, selecting the best available 'partial-solution' to the problem at hand in a managerial style based on 'facilitation, accommodation and bargaining' (Rhodes 1996, 666). But how can this be reconciled with the fact that, within Blair's statement of the Third Way, there remains a concern for ideology? Indeed, his decision to involve the Liberal Democrats in government

fits completely with his desire to unite social democracy and liberalism. It can only be that, just as he says he is trying to do, Tony Blair is seeking to build upon the emerging consensus of public–private partnerships and 'positive welfare' (see above).

Local government—a key foundation of the Third Way?

It could be argued that the success of Labour in local government politics has been the driving force of Third Way politics. Central to the new culture of 'governance' at local level is a shift in ethical focus from process to end product and from a professionally self-referencing definition of efficiency and effectiveness to one defined in terms of outcomes. This shift in focus informs: the range of solutions available for the resolution of public-service delivery problems; the way in which priorities are identified and set; and the style in which solutions are presented and justified (Brereton and Temple 1999). It is in local authorities, still largely Labour controlled, where the Third Way as public-private partnerships and networks was developed and is most vigorously practised. Labour councillors, despite their initial hostility and scepticism, have through the past two decades come to appreciate the need for flexibility to achieve their aims. If they want a revitalised local economy, and especially if they want European Union support or money for Education Action Zones, they need to involve all sections of the community—political, voluntary, community, business, quangocracy—in co-ordinating a coherent strategy. In community care, during the 1980s local authorities started to develop more flexible enabling roles. The Audit Commission, although established by central government, quickly gained the respect of local government actors in its frequent championing of good process in local authorities and did much to 'introduce and popularise the new managerialist ideas' to local government actors (Gostick et al. 1997, ch. 2). The pragmatism of the Third Way is already day-to-day reality at local level.

One of the unexpected benefits of central government legislation initially badly received by local actors (such as CCT) is that local authorities of all political persuasions have had to become far more flexible in their solutions to local problems. A striking example of this is demonstrated in Sheffield, which moved from being one of the homes of municipal socialism, 'from governance rooted in a radical public sector driven ethos to one in which many of the key leadership issues were being formulated within, and implemented by, the private sector' (Hutchinson 1994, 340). Research supports the belief that there has been a growth in public- and

private-sector local actors developing strategic policy based upon their common interests (Cole and John 1996; Peck and Tickell 1994; Heatley 1990; Jacobs 1996). Not all observers are convinced that they represent 'some new found spirit of co-operation' (Peck and Tickell 1994, 263) and it may be that one driving factor has been the failure of local authorities to achieve their aims given more limited resources (Bruce 1993, 333). However, many actors are convinced that such co-operation is largely positive and that the public—private commitment to partnership is genuine (Temple 2000, 121–2).

Brooke notes that some local initiatives, including competing with the private sector to provide and run services such as 'serviced accommodation for small businesses', predated Thatcher's market-orientated reforms (Brooke 1989, 6). 'Trail blazing initiatives' such as The Community of St Helen's Trust established in 1978 launched partnerships between public and corporate agencies (Stoker 1988, 18) and similar initiatives flourished elsewhere, eventually attracting the interest of the Thatcher Government which formed Business in the Community (BIC) in 1981 to develop such initiatives; from 1982 public–private partnerships were developed in housing, urban renewal, leisure and environmental issues (ibid., 18–21). In Kirklees, partnership was seen by the local council as a 'means of getting its social and economic regeneration strategy implemented'; developers seeking planning permission were required to make 'an agreement with the local authority that a new community facility' would be provided out of the profits (Heatley 1990, 71–73). Councils also engage as commercial partners in business ventures, as in East Staffordshire's stake in Uttoxeter racecourse. In the once staunch stronghold of municipal socialism, Lambeth, private-sector help was sought to improve standards in schools (Rafferty 1998). Three of Staffordshire's nine housing authorities, all with Labour majorities, are actively considering the voluntary transfer of their entire housing stock out of direct control; this represents a change of attitude away from one whose origins were largely ideological to one whose ethical foundation is the pragmatic question 'how can we get the most people housed in the manner and style which they prefer?' Such 'outcome-oriented' approaches mean many questions paramount in the past are now redundant. For example, whether private interests benefit from the use of a public-sector asset is no longer a problem since the ethical consideration is now couched in terms of an optimum outcome for the customer/consumer group and not in terms of the motives of the actors engaged in provision (Brereton and Temple 1999).

A changing ethos of public service

Inevitably, bids for European Union money demanded a coherent response which drew together all sections of a community and the process of forming partnerships was instrumental in changing long-term preconceptions on all sides. This new culture of co-operation has partly contributed to a change in the ethos of those involved in service delivery, a change which reflects the public–private partnerships movement away from procedures towards a concentration on outcomes. The shortlist of managerial characteristics this shift has produced—crucially, descriptors rather than prescriptions—includes:

> *pragmatism* (and by implication the eschewing of ideologically prescribed policy solutions); a concern with *quality* (as defined by the client/customer and not by the producer/professional); the need for *procedural transparency* (where transparency is understood as information about the decision-making process which is in a form accessible to the ordinary concerned citizen); the proposition that *consumer consultation* should lie at the heart of priority setting (Brereton and Temple 1999, 471, emphasis in original).

Throughout local governance there is clear evidence of such a change in attitudes. One of the key players in Staffordshire decision making believes:

> It's not difficult to get [the business community] on side in a partnership, because identifying common purpose in the city isn't difficult … if I'm sitting on a board with four or five private-sector key leaders from the business world here they've more and more come to understand the public-sector ethos and vice versa (interview with Brian Smith, Chief Executive of Stoke-on-Trent, 1997).

An examination of private- and public-sector partnerships in Sheffield and Wakefield noted that both sides had become 'genuinely committed to the philosophy and practice' underpinning the partnership; such co-operation was combating 'one of the fundamental weaknesses of the British economy, the degree of separation between the private and public sectors' (in Bruce 1993, 333). Richard Priestley, Chief Executive of the North Staffordshire Health Authority, argues that its private-sector partners gain organisationally from an increased sense of 'social responsibility' (interview 1997).

The local government pivot

If the Third Way is to be more than just a soundbite, decision making has to be as local as possible. Given that improving community involvement is one of the Third Way's stated aims, greater democratic control needs to be established over what is, at present, a largely unaccountable network of local governance. The divisions between public, private and voluntary sectors have become 'shifting and opaque' (Rhodes 1997, 35) and public (both elected and appointed) and private actors are now developing strategic policy together at local level. Such changes emphasise that the public sector needs the involvement of private-sector organisations to provide expertise to tackle social problems beyond the control of a single agency, but the relationship is one of mutual benefit:

> public agencies foster stable communal relations and the mediation of conflicting interests. The functional importance of local governments thus stems from their strategic position in the group universe, their pivotal position in bringing groups together within legitimate public institutions and their possession of financial and other resources. (Jacobs 1996, 133)

So, local government is the pivotal actor and provides legitimacy to the involvement of other actors, and local government involvement is actively sought in order to provide that legitimacy to commercial schemes.

A clearer definition of a council's local leadership role will 'emphasise the links between the local authority and the other agencies and actors on the local governmental stage' (Clarke 1997, 18). The legitimising role local councils perform means there should be a requirement on publicly funded agencies to publish their strategic statements and policy plans and to consult the local authority on them. Implicit in this is the need to enhance local democracy, providing 'immediate opportunities for the exercise of citizenship' (ibid.). A number of changes could be proposed to enhance the democratic legitimacy of local government. For example, there is a clear requirement to increase turnout at local elections; the introduction of proportional representation (PR) might not only increase turnout (Rallings et al. 1994), there are also indications that hung councils (the likely outcome of PR) produce more open and receptive local authorities (Temple 1996). Other suggestions to increase community involvement (and hence legitimacy and 'social capital') include citizens' juries, panels, fora, public meetings and referenda, although such developments are

not panaceas (Mayo 1994). It has to be recognised that any new agenda for local government:

> must create new confidence at the local level for councils … to take charge of their service and regulatory responsibilities and for them to lead their communities, engaging with the variety of organisations in local governance and drawing them into their democratic processes. (Clarke 1997, 20)

The local governance network can, if empowered, be more pragmatic and experimental than central government; in any policy area a number of alternatives can be tried, according to local perceptions of need, and the consequences of inappropriate policies will be less disastrous. The clear requirements of the Third Way—a more experimental and pragmatic decision-making process—would be ideally met by governance networks which had local government institutions at their core, provided, of course, that democratic accountability was enhanced by some or all of the methods discussed above. It has to be admitted that the currently low electoral legitimacy of local government weakens the suggestion that local government should have that pivotal role.

Conclusion

There are aspects within the Third Way that may be uncomfortable for Tony Blair. Commitments to local democratic renewal and community empowerment conflict with New Labour's commitment to achieving its highly publicised output targets by any means possible. Essentially, the Third Way represents a rebuttal of old certainties—neither the market nor collective provision has all the answers. The answer depends not on the provision of universal mechanisms from a relatively fixed ideological position *but on the best way to achieve a desired end*. Giddens may wish to locate the Third Way in some space upon the continuum broadly equating with 'social democracy', but to be truly different from preceding 'Ways' the Third Way must be about the willingness to try new means of doing things. New Labour's clear preference for public–private partnerships also conflicts with a flexible approach. Flexibility demands a willingness to allow small-scale local experiments that deviate from this multi-agency norm.

Local government has a crucial role to play in the process. If it is not just rhetoric that a revival of civic culture is a 'basic ambition of Third Way

politics' (Giddens 1998, 127), then local councils are ideally placed to aid such a process. Also, given that public–private partnerships dominate the 'new politics' it is necessary to ensure that 'the public interest remains paramount' (ibid., 124). Local government provides democratic legitimacy (however weak) to the involvement of other actors, and local government input can help to ensure that the driving force of all such projects is in the public interest. To succeed in realising its stated aims of 'equal worth, opportunity for all, responsibility and community' (Blair 1998, 3), the Third Way must *trust* local policy-making communities and embrace local autonomy, rejoice in encouraging a variety of responses to difficult problems and, most importantly, encourage and support local government as a pivot of legitimacy for policy-making networks. How enthusiastic New Labour is about enhancing the powers and responsibilities of local democratic actors will be a measure of how serious a project the Third Way really is.

Tony Blair may turn out to be as crucial an individual in the development of the British state as Margaret Thatcher, but we will have to wait to find out if the Third Way resonates like Thatcherism. Despite the political and institutional moves towards centralisation (Jenkins 1995, 1999), there are other forces (for example, more assertive community politics, a more individualistic polity, the EU, local Conservative councils) that may counter Blair's wish for 'joined-up government' or, more negatively, 'joined-up dictatorship'. However, the new consensus on the need for measurable improvements to services provides the possibility of Blair achieving his stated goals, both in output targets and reformulating a social democracy in which the apparently antagonistic strands of modern life are finally reconciled. A more pluralistic process when setting output targets, in which local actors from all sectors had an effective input, rather than the current top-down imposed targets, would go a long way towards assuaging some concerns about the Third Way and the 'semi-authoritarian' nature of Blair's government (Brittan 1999). Given his dependence on it, Tony Blair must be careful not to take the local governance system for granted.

Notes

1. Governance has a number of meanings (see Rhodes 1996). Throughout this article, the term refers to the new and largely self-organising networks of public and private actors now delivering a wide range of services at local and regional level (Rhodes 1997, 57).
2. It must be pointed out that Hutton's conception of stakeholding is not, as 'is often wrongly assumed', the same as the Prime Minister's version: 'Hutton's ideas are connected

to his Keynesian beliefs', which Gordon Brown and Tony Blair do not share (Adams 1998, 150).

3. Professor David Denver then, to general amusement, asked Mandelson whether he had ever read the work of Anthony Downs, to which Mandelson also replied simply 'no'.
4. However, there is the possibility that given the necessarily incremental nature of such a process, 'social democracy' will not be the end product. For example, in Austria, traditionally far-right wing politicians such as Jörg Haider also propose a Third Way as a flexible and pragmatic approach to problems and as an attempt to break out of the left–right 'ideological straitjacket' (Haider 1997, 93). It is fair to assume that, in this case, such pragmatism is not intended to deliver social democracy.

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(Submitted April 1999, accepted for publication June 2000)