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Public Management Development in England: New Right, New Left and Third Way[1]

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Abstract

This article aims to evaluate the changing notions of public services as expressed in NPM, and to place these in the context of the emergence of new political ideas which are associated with the New Right, New Left and Third Way. There have been different attempts to theorise and formulate the rapidly changing nature of political and managerial re-organisation in Britain. Additionally, there have been different ways of defining and describing these developments. However, similar themes have been emphasized and an agenda of common concerns are recognised that can be articulated as a modernisation movement seeking to enhance democratic governance and effective public service delivery. Among new ideas, most emphasis was placed on corporate management, strategic planning, performance measurement and fundamental corporate review, quality management and administrative accountability. There is also a new emphasis on central-local government relations.

Key words: *Political Paradigms from England, New Right, New Left and Third Way.*

Anahtar Kelimeler: *İngiltere'de Politik Paradigmalar, Yeni Sağ, Yeni Sol ve Üçüncü Yol.*

1. DEVELOPMENT OF MODERN PUBLIC MANAGEMENT IN ENGLAND

Over the past 30 years, the public sectors of Western countries have undergone major changes as governments have tried to respond to the challenges of technological change, globalisation and international competitiveness. UN and EU have been particularly active in promoting changes in order to reach sustainable development (Atkinson and Wilks-Heeg,2000). Huges (2003) argues that this period saw wider-ranging public sector reforms than any other period of the twentieth century. Hood also argues that such reforms are the most striking international trends in public administration (Hood, 1991:55). They have been given several names, including: 'entrepreneurial government' by Osborne and Gaebler (1992); the 'post-bureaucratic paradigm' by Barzeley (1992); 'managerialism' by Pollitt (1993); or 'new public management' by Hood (1991) and Hughes (2003). Despite their differing titles, they all fundamentally illustrate a similar set of issues. The most

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substantial development of these reform themes has centred on the label new public management, often abbreviated to NPM.

Many authors have discussed the principle features of NPM. Behn (2001: 26) defines it as "the entire collection of tactics and strategies that seek to enhance the performance of the public sector to improve the ability of government agencies." Thompson (1997:13) argues that the new public management is a world-wide transformation because it is a "manifestation of a fundamental transformation affecting every corner of the globe." However, Hood (1995: 106) argues against a notion of a 'global paradigm' by stating that "establishing the partial retreat of traditional approaches to public administration does not necessarily demonstrate that any single new style of public administration will inevitably be adopted world-wide… (or) old style will disappear everywhere." In this regard, Pollitt (1993) and Dunleavy (1994) also argue that NPM reform changes are ideological and can be seen as part of Thatcherism. Others argue that intense 'ideological attack' on the role of government in society was replaced by intensified efforts to improve its management. Significantly public sector reform did not end after Thatcher (Hughes and Owen, 2003: 271, Walsh, 1995:65).

There has been extensive debate over whether or not new public management is a 'new paradigm' for public sector management, and whether there is a major theoretical change under way, affecting public sector services and the nature of public management. There are those who favour regarding the reforms as a 'new paradigm', while there are others who argue against the notion of paradigm change in public sector management.

As can be seen, the development of new public management has been a source of controversy. For example, Hood (1991: 6) argues that there is no single accepted explanation or interpretation of 'why NPM coalesced and why it caught on'. Hughes and Owen (2003:50-51) believe that Hood neglects the simplest explanation, which is that the main reason for the eclipse of the old traditional model of administration that it simply did not work anymore, and this is why governments began to challenge some of the most central beliefs of the traditional approach.

This wave of public sector reform and re-thinking has affected some countries more than others. According to Hughes and Owen (2003:4), the change has been greater in New Zealand, Australia and the United Kingdom. Horton and Farnham also emphasise that it is the Anglo-Saxon countries (Canada, Australia, New Zealand, Britain and the US) which have restructured their systems of public administration most successfully. In doing so, they have all been influenced by mainly neo-liberal ideas (Horton and Farnham, 1999). Cope (1999:55) indicates that Britain in particular has been at the centre of the NPM wave and sought to reduce public expenditures while increasing the efficiency and effectiveness of public services. It is commonly agreed that neo-liberal economic ideas informed the thinking of the Thatcher and Major governments (Painter, 1996; Walsh, 1995; Hood, 1994; Flynn, 1997). For example, Massey (1993) argues that many Thatcherite policies and strategies for improving public management crossed the Atlantic as part of a neo-liberal agenda. Furthermore, Sully (2000:8) suggests that there is a genuine similarity between the 'new deal' of the Clinton Administration and New Labour's Third Way. This could be seen in Tony Blair's "Best Value Modernization Policy", which was quite similar to the Clinton administration's 1993 public management reform.

It is also significant that some NPM techniques have been partly adopted to a number of developing countries. For example, the development of the privatisation programme in Turkey under the Ozal regime had been relatively successful and had also encouraged the bureaucracy to pursue further reforms in line with NPM principles (Oniş, 1991). Moreover, as Walsh (1995:62) argues, young technocrats were important in pushing new ideas about privatisation and the role of the market in developing countries such as India, Turkey and Mexico.

Having mentioned the international impact of NPM briefly, now it will be focused on the UK's approach to this movement by evaluating the relevant literature. According to Stewart and Walsh (1992), prior to the 1970s the British welfare state was seen as being organised according to principles of hierarchy, planning, direct control, self-sufficiency, centralism and professionalism. An approach to the public sector, which was deeply influenced by traditional notions of public administration, based on Fordist and Taylorite ideas of top down management. In this regard, Stoker argues that the mid-1970s was a turning point in the development of public administration in the UK. These years marked the breakdown of the post-war settlement established after 1945, which was based on Keynesian economic and social welfare policies (Stoker and Masberger, 1995). It is commonly agreed that the main wave of change began in the late 1970s with the Conservative Party's commitment to change radically the role of the state, by shifting the boundaries between the public and private sectors and reducing size of the public domain (Kavanagh, 1998: 7-8; Meny, 1994: 294; Gray, 1994:55; Horton, 1999:145; Sully, 2000: 23). Indeed, since the late 1970s the public services have experienced substantial reforms in terms of their structure, organisation, administration and management. The reforms, pursued by Conservative governments from 1979 to 1997 (some of which were accepted by New Labour), mainly involved a belief that quality, effectiveness and value for money in the public services depend upon the injection of competition, commercialism and private-sector management techniques and personnel (Walsh, 1995:60-5; Horton and Farnham, 1999:107-8).

This major shift is described as "ideological radicalism" by Gray (1994:55). It has also been labelled variously as Thatcherism, or the New Right, to signify partly the difference between traditional and new Conservatism. On the other hand, commentators have agreed that Thatcherism is difficult to define precisely and there are many different interpretations attached to it (Gamble, 1998; Hall; 1983; Riddell, 1983).

As Flynn (1997) and some others (Horton et al., 1999; Ranson and Stewart, 1994) indicate, these years witnessed the rise of 'anti-government parties' and leaders, and their strengthening, particularly in the US and UK, with public sector reforms in mind following the election of Ronald Reagan in 1980 and Margaret Thatcher in 1979. Although some argue that the New Right (Thatcher and Reagan era) sparked off changes to public management, there are others, for example Walsh (1995:65), who argue that it cannot simply be asserted that NPM is the result of New Right's ascendance to political power. In many cases, the introduction of the NPM has been undertaken by regimes of the Left as in the case of Australia and New Zealand. The most interesting example is the UK. It has developed NPM mechanisms under the New Right and, as this article demonstrates, New Labour (New Left) has, in some instances, gone further down the same pathway so far as the modernisation of local government is concerned.

However, there is a general consensus that a revolution occurred in the UK under New Right governments in the period of 1979-1997. This revolution took place in both private and public organisations (Butler, 1994; Hood, 1994; Horton and Farnham, 1999). All public services had been affected by the adoption of neo-liberal or New Right ideas by successive Conservative governments. Leach, et al (1992:135), argue that there was an ideologically motivated drive towards making management in the public sector more than in the private sector. Services were described as new because they had been shifted from being traditional, administrated bureaucracies to managed public businesses. Indeed, Hood (1991) argues that particular characteristic of the Conservative years in office was this shift from a traditional public administration model to that of New Public Management. Rouse (1999:76) detects a move from traditional concerns of political, bureaucratic and professional values to a new emphasis on performance and quality service delivery.

As can be seen, changes in the development of public service have commonly concerned attempts to introduce private sector techniques and professionalism into public management. In particular, there has been

a strong belief in the superior managerial capacities of the private sector, and private sector managers have been brought for the purpose of managing public sector organisations (Gray, 1994:63; Horton et al., 1999:64). However, the importation of private sector managers was not something new. The Heath government in the early 1970s attempted to bring private sector managers into government, though as Walsh (1995:65) shows, the effect was limited because of the shift to interventionism in the face of economic problems. Margaret Thatcher's governments had relatively been more successful.

Stoker and Masberger (1995) argue that the economic nature of this public sector reform movement is reflected in the increasing importance paid to the "three E"s comprised of economy, efficiency and effectiveness in ensuring value for money. In seeking these objectives, both the Thatcher and Major governments sought to transfer services from public to private sector in the belief that the private sector is more efficient and responsive to customer needs than the public sector. Another key objective was to cut public sector spending. But there were also other motives underlying the reform of public management. For example, the Conservatives wanted to reduce the power and traditional freedoms of the trade unions. They also desired to create a long-term change in the attitudes of public sector personnel by altering their approach to performance management and quality management (Stker and Maberger,1995:142). As a common observation, within these re-organised public services, NPM ideas took root and developed against the traditional approach.

The traditional public administration approach has a long history and an extensive literature. This traditional model of public administration predominated the literature for most of the twentieth century. It is often seen as being based on two theories: the theory of bureaucracy and the theory of separation between politicians and administrators. It has placed great emphasis on rigid hierarchies, prescribed roles, formal procedures, financial rectitude and equity and fairness when dealing with the public. The dominant culture based on avoidance, caution and systematic rule application (Painter and Isaac-Henry,1999:249; OECD, 1998; Massey, 1993). Its theoretical foundations are mainly driven from Woodrow Wilson and Frederic Taylor in the United States, Max Weber in Germany, and the Northcote-Trevelyan Report of 1854 in the United Kingdom (Hughes and Owen, 2003:43).

New public management has also developed its own extensive literature. A main emphasis is that it is different from traditional public administration and it is often noted that it has been widely adopted. The NPM model usually emphasises some practical modern management techniques and its requirements are generally articulated in broad and comprehensive themes. One of the seminal works is written by Hood (1991:4-5), who concentrates on internal management arrangements and distinguishes seven key features of NPM. Hughes and Owen (2003:60) argues that there are two main theoretical bases of new public management. These are economics and private management. Walsh (1995: xiii) also argues that there are two main strands of NPM. The first strand is managerialism, which is based on the adoption of industrial production and engineering techniques within the public sector. Pollitt's (1993: 2-3) definition of managerialism refers to a number of issues such as continuous increase in efficiency; the use of new technologies; a self-disciplined and productive labour force; clear implementation of the professional management role; and managers with a right to manage. The second strand of NPM, according to Walsh, is based on the primacy of market-based coordination emerging from the need to create some kind of market type mechanisms. The characteristics of this second strand of NPM are; continual improvement in quality; emphasis on devolution; appropriate information systems; emphasis upon markets and contracts; measurement of performance; and increased emphasis on audit and inspection (Walsh, 1995:xiv). As mentioned earlier, NPM has over three decades developed its own literature, and there are various explanations of what is involved in NPM. Nevertheless, the main points emerging from the various formulations can be articulated as in the outline below.

- improving decentralisation by involving staff more in the decision making and management process;
- relaxing administrative controls while imposing strict performance targets;
- use of information technology;
- improving feedback from clients;
- making greater use of the private sector to promote a dependable, efficient, competitive system for contracting out production of services;
- setting explicit standards and performance measurement, which require goals to be defined and performance targets to be set;
- a shift to competition in the public sector and improved financial management;
- a stress on private sector styles of management practice and stress on public-private sector management;
- a stress on greater discipline in resource use;
- flexibility in staffing and organisation in order to give choice to professionals in public management;
- a stress on a strategic approach to decision making (Hood, 1991:4; Holmes and Shand, 1995: 555; Pollitt, 2001:473; OECD, 1998:11).

As can be seen from above, NPM involves moving away from traditional administration to a more flexible form of modern public management. It involves introducing more business-like techniques, such as enhancing the personal responsibility of line managers through internal decentralisation; allowing more flexibility in personal management and bureaucracy; formulating a strategic vision, which requires a corporate approach and fundamental performance measurement; a greater emphasis on accountability for customers and for the centre; and the application of management techniques, such as quality management, and efficiency and effectiveness monitoring. These new modern management initiatives touch on some of the main theoretical themes involved in the evolution of public sector management in the UK. Before moving on identifying some of these theoretical themes in the following section, arguments for the development of new public sector techniques in local government prior to 1997 and their impact on New Labour's local government policy will be analysed.

2. DEVELOPMENT OF LOCAL GOVERNMENT MODERNISATION

Stoker and Stewart argue that the development of local government over the period from the 1930s to 1970s has been characterised as Fordist. This label is derived from the Ford Motor Company which exemplified the mass production techniques associated with the period (Stoker and Masberger: 1995:142). According to this view, local authorities in the Fordist era participated in the general expansion of state provided activities. Stewart (1983:52) argues that local government became a key instrument of the welfare state, and was influenced by the organisational and management style of Fordism. NPM techniques provide a strategic political response to the breakdown of Fordism, and they draw on the forces of economic and social change associated with the transition from Fordism.

As Burns et al. (1994:8) point out the re-structuring of the national economy had profound implications for local government at the end of the period of Fordism. As we saw in the previous section there has been no agreed interpretation of the timing and nature of economic re-structuring. Cockburn (1977) however, argue that a fundamental crisis, relating to energy costs, struck the world economy in the 1970s and the so called 'Fordist' regimes of mass production and mass consumption of goods came under severe challenge. Whatever argument is sustained, the important fact is that this economic re-structuring brought about a significant shift in the geographical location of production, consumption and residence and that this had profound impact on local

government. The most important effect of this transformation for local government is that local politics and administration have been subject to severe constraints and limitations on autonomy (Burns, 1994:10). Young and Rao (1997:301) have noted the extent to which new policy initiatives have involved intervention of the centre to promote party policy at the expense of local responsibility.

In the post 1970, in the context of a more constrained economy, the development of local government was very much influenced by the new management thinking, which is examined in the previous section. Attempts were made to change local government management systems so as to provide a more customer orientated focus, to respond to new restrictions on spending and economics, and to re-organise traditional public administration so as to try to achieve a more efficient delivery of public services (Walsh, 1995; Stewart and Stoker, 1995). Allegedly this was a transitional period. The decline of the post-war consensus on local authorities, which had provided a secure foundation for local government growth in the 1950s and 1960s, was linked to the collapse of Fordism and welfare state policies. According to Young and Rao (1997:301) local authorities were destined to be the first casualties in that collapse. From this perspective, the crisis of local government was part of a wider crisis of the welfare state. There is, therefore, a general agreement among commentators that the 1970s were a decade of crises characterised by attempts to reduce levels of state spending. Cochrane (1993:8) states that until the mid-1970s local government appeared to be a relatively unproblematic part of the British political system and its task was to deliver a 'fairly clearly defined set of services' at local level.

However, as mentioned earlier, since the 1970s, local government has been catapulted from 'relative obscurity into a highly visible' role at the centre of national political debates. Burns et al. (1994) argue that local authorities were being forced to change as never before, both in response to new management thinking and party-political pressures. Although, party politics had long established roots in the modern system of local government (Kingdom, 1991:132), it became far more competitive between left and right in the 1970s and beyond (Stoker, 1998: xv). It is commonly argued that one of the significant developments in local government has been the decline of independent councillors and, conversely, the rise of a more distinctive partisan politics. And this trend became much more visible after the 1974 local government re-organisation (Alexander, 1982:26; Game and Leach, 1996:127). In particular, the late 1970s saw the rise of a number of left wing Labour controlled local authorities, especially in urban areas. This move to the left has been seen as a reaction to Thatcherism, but it also challenged some of the more traditional Labour politicians. Gyford, et al. (1989), argue that this local socialism was not new and can even be traced back to the late 1960s. However, it is commonly agreed that the local policies pursued under the Thatcher government greatly accelerated this trend (Stoker, 1998; Kind, 1983). Young (1986) argues that as a consequence of this increased politicisation of local politics, new ideas and strategies began to emerge and the agenda moved beyond institutional and structural reforms to arguments about a new management style within local government. Further, as Hambleton (1988:30) argues, the role and function of local governments as mechanisms for delivering services was brought to the forefront in the debates.

Accompanying these developments, over the post 1970 period has been a major shift in the nature and direction of central and local government relations (Jones and Stewart, 1983; Rhodes, 1988; Loughlin, 1986). According to Wilson and Game (1998:99), this brought the theme of central-local government relations into focus in the extensive literature on local government. In developing this theme, most commentators have emphasised the unitary character of the UK, the subordinate role of local government, increasing centralisation and diminishing discretion for local authorities (Jones and Stewart, 1983:3; Redcliffe-Maud and Wood, 1974:119). Stoker (1998:142) and Loughlin (1986:86,195) point out that the Thatcher government passed some

major acts all with significant implications for local government. According to Rhodes (1986) this legislation extended the scope of direct central control of local authorities.

However, Cochrane (1993:8) argues that the start of the re-organisation of public services cannot simply be linked to the shift to economic constraint with regard to the public sector. He indicates that there were attempts to modernise local government in the late 1960s and early 1970s. He even describes this as a "golden era". Several official reports and reports from Royal Commissions were published at the end of the 1960s and the beginning of the 1970s, which sought improvements in managerial efficiency and decision-making. The reports were generally known by the names of those who chaired the relevant committees, such as Maud 1967, Mallaby 1967, Redcliffe-Maude 1969, Wheatley 1969, Macrary 1970, Bains 1972, and Paterson 1973. Commentators argue that each made similar points about the need for change (Dearlove, 1979). Some of these reports were particularly influential, such as that produced by the Redcliffe-Maud Commission (Redcliffe, M and Wood, B. 1974). The report recommended a predominantly unitary system of local government and proposed a more corporate approach to local authority administration modelled on the private sector, with a management Board of five to nine senior elected members. Likewise, the Bains (1972) Report recommended a streamlined committee and departmental structure headed by a management team. Leach and Percy-Smith (2001:157-8) argue that these two reports were particularly effective in reminding policy makers of the need to modernise fundamental local government structures. Both reports were particularly supportive of the introduction of a more corporate approach on the part of the local authorities. As these reports indicate, things began to change from the mid-1960s, while changes in policy matters also affected local government. For example, the Wilson government made a sharp break from the past with its commitment to comprehensive schools and the Heath government made another with its reforms of housing finance (Young, K.; Rao, N., 1997). According to Young and Rao, it was at about this time that the so-called 'ratchet effect' of central control began to appear.

According to Atkinson and Wilks-Heeg (2000), academics have attempted to theorise this rapidly changing world of local government in a number of ways since the late 1970s. There is general agreement on the transformative development of local government and many emphasise the adoption of NPM techniques and the neo-liberal ideas underlying them. For example, the development of local government has been explained in terms of post-modernism by Rhodes (1997) and Clegg (1999); globalisation by Leach and Percy-Smith 2001); neo-liberalism by Jessop (1991), post-fordism by Stoker (1995) and Stewart (1983); and, finally, decline of post-war consensus by Young and Rao (1997). Leach and Percy-Smith (2001:22) ague that these academic theories link and inform party ideologies and political ideas. Thus, changes in local government can be related to developments in political ideologies (2001:46). In essence, they argue that the new modernisation process in local government emerged from new political thinking; notably the New Right, New Left, Neo-Liberalism and the Third Way (Boyne et al., 2001:1-4).

It is, therefore; needed to examine the evolution of the major political parties' new standpoints in relation to their local government policies. Consequently, this article evaluates successive Conservative governments' local government policies and the development of the Third Way and New Labour, and its new local government policy.

In opposition, the Labour Party stated its belief in a modernised local government. Boyne et al. (2001) argue that emphasis was placed on a new democratic understanding to replace ideological dogmatism with pragmatism in the relations between local government and central government, and between local authorities and their customers. An important aim of Labour policy was to improve central-local government relations and enhance local democracy. In this regard, there has been a big re-organisation movement in the Labour Party that picks up on NPM themes. For example, Gamble (1988:57) points out that Thatcherism had a big impact

on the Labour Party. Indeed, he claims that the transformation of the Labour Party could be regarded as the greatest achievement of Thatcherism. Farnham argues that there were stages in the transformation of the Labour Party. First, there was radical restructuring of the party organisation, which reduced the power of trade unions, gave individual members more influence and raised the profile of the party leader. Second, there was a major constitutional change with the rewriting of clause 4 that signified not only a break with the past but also a symbolic rejection of traditional Labour Party commitment to socialism. Third, the reformed Labour Party, under the leadership of Tony Blair, set about creating a new image and vision and developing policies on all aspects of social, economic and international affairs with the overriding aim of winning the 1997 general election (Famham, 1997:16). Indeed, by 1997 the climate of the relationship between government and governed was changing across Europe. There was a movement towards 'local democracy'. In this context New Labour framed its approach to local government as one that promotes communication and openness, and enhances accountability through wider participation (Rao, 2000:124).

Vincent (1998) states that the strategy behind the concept of 'New Labour' required the party not only to readjust its policies, but also to undergo a cultural shift and embrace new perspectives many of which were quite different from the party's past. As Gamble 1998:59) argues, in adopting this stance, the Party was showing the impact of Thatcherism and the effect of NPM type of thinking. For example, they put emphasis on individualism and anti-statism that would have been unthinkable in the past. Jones (1998:135) notes that the economic and technological revolution that occurred since the Party last held power in the late 1970s, contributed to the repudiation of its statist tradition and the stress on adopting new management techniques for assisting local government to deliver public services.

All these developments indicate that Labour was looking for a new approach, and it is argued, its new variant is located between the three great western ideological traditions - liberalism, conservatism and socialism. In particular, New Labour extracted ideas concerning private choice from neo-liberal ideology, recognising individual rights and also responsibilities (Freeden, 1999: 48).

Theakson (1998:13) argues that previous Labour leaderships had done little to change the established system in Britain. For example, support for the post-war welfare state was a traditional commitment for the party. Furthermore, Kind (1983:200) argues that the Labour Party neglected local government because of Labour's traditional adherence to a statist tradition. In fact, the movement for change really started under Neil Kinnock's leadership of the Labour Party. When John Smith succeeded him as party leader in 1992, it seemed clear that Kinnock's commitment to the modernisation of the Party's policies would continue, though possibly at a slower pace (Jones,1998:131). Following Smith's sudden death in 1994, Tony Blair was elected as the leader of the party and this soon led to an acceleration of modernisation within the party and a further development of Kinnock's policy changes and organisational reforms (Jones,1998:135). Gould 1998) states that by the mid-1990s the party was presenting itself as New Labour and disassociating itself from old Labour. It was a social democratic party but still loyal to the fundamental values which underpinned old Labour. Giddens (1998:26, 70) argues that the New Labour policies refer to a framework of thinking and policy making that seek to adapt social democracy to a world which has changed fundamentally over past two or three decades. Mandelson and Liddle (1996) identify several objectives on which New Labour and Old Labour differ: the private sector, incentives, public ownership, public expenditure, the role of the state, Europe and the trade unions. New Labour adopted a more right-wing stance, modified its political values and modernised its internal organisation. Indeed, it did this for pragmatic reasons: to be trusted by the electorate and to become electable. In approaching the management of local government, as Isaac-Henry (1991) points out, New Labour seems to have accepted many of the key ideas of NPM.

New Labour's electoral victory in 1997 (lasted until 2010) was thought by many to mark the end of the domination of New Right ideology in Britain and beginning of a new era in politics. Horton and Farnham (1999) argue that the evidence after Labour's first two years in office, suggested that there was a different tone in government and that New Labour's basic values and policy priorities were different from previous eras. However, the election of a New Labour government committed to further change prompted the need to revisit the public services. It stated in its election manifesto that "Some things the Conservatives got right. We will not change them. It is where they got things wrong that we will make change. We have no intention or desire to replace one set of dogmas by another." Labour Party, 1997:1). Indeed, there is a great deal of continuity. This leads Hay (1997:19) to suggest, "Blairism is perhaps best described as a neo-liberal post Thatcher settlement.".

Furthermore, Stoker argues that when the Labour government took office in 1997, it soon became clear that many of the initiatives introduced by Conservative governments would not be overturned (Stoker, 1999:17). Indeed, many of the aspects of NPM which had been developed in the period of the 1980s and early 1990s, have been brought together within the overarching framework of the Best Value (such as, corporate management, performance review, and administrative accountability). As Rao (2000:131) notes, New Labour has given local government a central place in its agenda to modernise public services. It has therefore shown a strong interest in continuing the process of management change and reform in local government. It did, however, commit itself to developing a different reform style, one that is more experimental and involves more consultation.

CONCLUSION

In general, England is seen to have a governmental system which is one of the most highly centralised among West-European countries. Traditionally, as the dominant level in a unitary state, central government has formally had the upper hand over the local tier of administration. The local government modernisation movement was very slow in development at least until the mid70s. For example, after the London Local Government Act 1899, the next attempt at modernisation was not until the Local Government Act 1929, and the next was 34 years later in 1963, with the passing of the Local Government Act.

Additionally, political parties in England focused on national rather than local issues, and the long-lasting wartime consensus between the major political parties brought agreement on general national and local government policies and arrangements. This consensus continued through to the 1970s. After this 'apolitical era', the major parties began to develop new approaches to national and local government. Consequently, a big re-organisation movement seeking modernisation of public services has been in evidence in the last three decades.

International organisations like the EU and the UN also promoted governmental modernization in England. There have been different aspects of this international reform movement, however; this article has focused on reforms in public administration particularly as expressed through New Public Management concerns and issues. Therefore, this article evaluated NPM literature and its relevance to local government modernisation in brief. Furthermore, the effect of Thatcherite policies on public services is examined, noting the common observation, which argues that local government in particular has become a critical issue within politics in England for the period, since 1979. Indeed, the 1980s witnessed a sharp increase in the intensity and polarisation of the debate on local government as Thatcherism seriously impacted on local government and, in particular, on the power relationship between central and local authorities. Media attention and academic argument also focussed on the Conservative governments' approach to local authorities as expressed through spending cuts and the privatisation of the public services, and in the late 1980s, on the struggle over the poll

tax. Furthermore, Thatcherism, partly as a central government control mechanism, also introduced the Audit Commission to watch over local government. Another key innovation for local government was Compulsory Competitive Tendering (CCT), which involved compulsory tendering for a service by potential suppliers in a competitive manner. As one of the underpinnings of Best Value, CCT has, therefore, been examined in detail along with complementary elements, such as privatisation in public management, internal markets, quality in public services, and performance review.

In general, by introducing approaches in keeping with NPM principles the Conservative Governments wanted to inculcate private sector techniques within the public services. Thatcherism, in particular, emphasised the idea of an internal market in order to achieve quality and efficiency in public services. Indeed, many NPM phenomena emerged alongside Thatcherism, these being the pursuit of quality in public services, partnership with the private sector and performance review. The article revealed that these elements have also been emphasised by New Labour in its local government modernisation arrangements, and they have played an important role in ensuring some continuity in the transition from the previous local government regime to Best Value.

It is commonly accepted that the radical reforms of successive Conservative governments shaped the New Labour transformation although there were, of course, some important internal effects within the Party, as well as other external influences that encouraged the party to re-new itself. The history of the Labour Party's transformation is important, before starting to examine its new local government policy. Clearly, in implementing radical reforms and in keeping much of the radical modernisation movement in public management, which had emerged under and informed the activities of successive Conservative governments, Labour was moving in line with the climate of informed opinion.

Certainly, the Labour Party modernisation movement was not new; having been started by Neil Kinnock as leader, and then continued by John Smith, and eventually brought up to date by Tony Blair. Blair wanted to transform the Labour Party in order to ensure that it was electable. To do this, he accepted many radical right-wing policies, notably praising Thatcher as 'a radical not a Tory'. In this sense, the English political arena encountered a new party: neither left, nor right, but something new, between the old Labour Party and the Conservative Party. Indeed, there has been a profound debate in academic, political and media circles about the Labour Party's new path called the Third Way. Tony Blair has pointed out that for him the Third Way is a pathway between old Labour and the new right, and between European Social Democratic ideas and those of the renewed Democratic Party in the US.

The Labour Party's new local policies also appeared under the leadership of Tony Blair, although its modernisation process started earlier. It can be said that New Labours' local policy pronouncements were usually presented in response to successive Conservative Party local policy initiatives. Its modernisers focused on a new local government policy and argued that one of the important strengths of New Labour was this new approach to local issues. The Party's modernisers pointed out that action at local government level has to be one of the prime means to address these issues. On the other hand, Labour's new local government policy did not deny the old regime's arrangements and there are important similarities between Best Value (Labour's local government modernization policy) and the previous local government regime.

KAYNAKÇA

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