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Bevir, Mark

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Narrating the British State:

An Interpretive Critique of New Labour's Institutionalism

By Mark Bevir

I. CONTACT INFORMATION

Department of Political Science, University of California, Berkeley, CA 94720-1950

Email: mbevir@socrates.berkeley.edu

II. BIOGRAPHICAL NOTE

Mark Bevir received his D.Phil. from the University of Oxford. He is now a member of the Department of Political Science, University of California, Berkeley. His recent publications include The Logic of the History of Ideas (Cambridge: Cambridge University Press, 1999).

ABSTRACT

This paper explores institutionalism and New Labour as overlapping and intersecting responses to neoliberalism and the New Right. It links institutionalism to the Labour Party and its advocacy of networks and joined-up governance in much the same way as we have come to tie neoliberalism to the New Right and its faith in the new public management. Because the paper's interpretive approach modifies institutionalism, the link it draws between New Labour and institutionalism also points to something of a critique of these latter: at times, they seek to tame the contingency of social life by reducing the complex to theories about the allegedly given characteristics of institutional forms.

Narrating the British State:

An Interpretive Critique of New Labour's Institutionalism

“Never again will a single story be told as though it is the only one” – John Berger

How should we understand recent changes in the British state? Broadly speaking, we might say that they arose from a perceived crisis in an overloaded bureaucracy characterized by centralization and vertical integration. The perception of crisis inspired a search by social scientists and political actors for more flexible, dynamic, and responsive patterns of organisation. However, because there are various analyses of the crisis, different narratives of the state fall within this broad framework. In what follows, I identify the main narratives as neoliberalism and institutionalism, before advocating an interpretative approach somewhat at odds with them. Thereafter I deploy the interpretative approach to make sense of New Labour.

What follows maps narratives told by social scientists on to public policy. I will spend relatively little time on one such mapping since it is widely accepted: neoliberalism promoted marketization and the new public management as adopted by the New Right. The other mapping, which seems to have gone unnoticed, shows how institutionalism promoted networks and joined-up governance as adopted by New Labour. These mappings imply that in championing interpretative modifications to neoliberalism and institutionalism, I point toward a critique of the New Right and New Labour. Neoliberals, the New Right, Institutionalists, and New Labour often seek, albeit in different ways, to tame the contingency of social life: they reduce the complex to simple assumptions about rationality or typologies of abstract institutional

forms. Although they hope thereby to make social life governable, the process of simplification distorts their understanding of social life in ways that contribute to the failures that plague their attempts to govern it.

To avoid misunderstanding, I should emphasise that the mappings of narratives onto public policies represent broad conjunctures, not invariant ones. Some neoliberals do not advocate marketization and the new public management, and some institutionalists do not advocate networks and joined-up governance: the New Right drew on conservative authoritarian ideas as well as introducing neoliberal reforms in the public sector, and New Labour is notably eclectic, taking ideas from neoliberals and others even as it introduces institutionalist reforms in the public sector. However, just as we can acknowledge such qualifications while recognising the reasonableness of the broad conjuncture often drawn between neoliberalism and the New Right, so we can while accepting the interaction between institutionalism and New Labour.

We conjoin neoliberalism with marketization and the New Right partly because of the conceptual links between their ideas and partly because of temporal links found in the lives of key actors. In pointing to a similar conjunction between institutionalism, network theory, and New Labour, I will concentrate on drawing out the conceptual links, arguing, for example, that institutionalism often inspires a focus on networks, that New Labour draws on institutionalist themes in its rebuttal of the New Right, and that New Labour's vision of joined-up governance overlaps with network theory. Although the conceptual links at times point to temporal links within the lives of key actors, I will rarely pause to make the later explicit; instead, I will highlight some of them now.

The leading actors in my narrative are a diffuse, intersecting group of social scientists, policy advisors, and politicians. Together they effectively conjoin the Third Way, network theory, and institutionalism into a recognizable package. The main proponents of network theory are avowed institutionalists: we can think of American social theorists like Mark Granovetter and Paul DiMaggio and Walter Powell as well as British ones such as Rod Rhodes and Gerry Stoker.¹ Some of the leading advocates of network theory, including Stoker, provide policy advice to New Labour. More indirectly, New Labour politicians, such as Tony Blair, the Prime Minister, Gordon Brown, the Chancellor of the Exchequer, and Peter Mandelson often appeal to ideas that are tied to institutionalism, including stakeholder economics, communitarianism, and social capital theory.²

The most important actors in my narrative are perhaps those in centre-left think-tanks, such as Demos, the Foreign Policy Centre, and the Institute for Public Policy Research. These think-tanks constitute a conveyor belt that relays ideas and concerns back and forth between institutionalists and the government in much the same way as did the Adam Smith Institute and the Centre for Policy Studies between neoliberals and the New Right. Geoff Mulgan was the co-founder and first Director of Demos, and he is still Chairman of its Advisory Council. Before founding Demos in 1993, he worked, from 1990 to 1992, as a Senior Policy Advisor to Brown. Today he works in the Prime Minister's policy unit. Demos's current Director, Tom Bentley, took up the post after working, from 1998 to 1999, as a special advisor to David Blunkett, the Secretary of State for Education and Employment. Its Deputy Director, Beth Egan, has been on secondment to assist Brown during his time as Chancellor of the Exchequer. Several of the researchers at Demos also have been employed within

New Labour: Charles Leadbeater, for example, authored a White Paper entitled “Our Competitive Future”.³ Perri 6 is a Demos researcher who straddles both the academy, where he defends neo-Durkheimian institutionalism, and government, where he provides New Labour with regular policy advice on holistic government. He has also collaborated with Stoker on various occasions. Similar connections within people’s lives tie Demos to other centre-left think-tanks and these think-tanks to New Labour. Daniel Stedman Jones, a Demos researcher, has worked in the Prime Minister’s Policy Unit and also the Institute for Public Policy. Mark Leonard became the Director of the Foreign Policy Centre after having been a senior researcher for Demos, and he advises New Labour as a member of the Foreign and Commonwealth Office Panel.

Theorising the State

The narratives people tell about recent changes in the British state depend in part upon their wider webs of belief. The two leading narratives are neoliberalism and institutionalism. An interpretative approach suggests that both of these narratives can go awry in failing adequately to decentre the state.

Neoliberals treat social practices as the products of the actions of utility-maximising individuals. Doing so typically enables them to postulate the market as an inherently efficient form of social organisation. They explain the perceived crisis in the bureaucratic state, therefore, by reference to its inherent inefficiency, lack of flexibility, and inadequate responsiveness when compared to the market. According to neoliberals, the inefficiencies of bureaucracy, especially in the context of a global economy, force states to become more efficient by adopting marketization, contracting out, new management techniques, staff cuts, and stricter budgeting.⁴

The spread of neoliberalism – public choice theory and other approaches rooted in neoclassical economics – across the social sciences challenged a widespread commitment to a mid-level analysis that concentrated on describing broad institutional and behavioural patterns and producing typologies and correlations between social categories. Although institutionalists generally acknowledge the policies of the New Right have changed the state, they reject the neoliberal use of neo-classical economic theory to explain this change. They concentrate, instead, on mid-level analyses of the rules and structures that, in their view, largely settle what happens at the micro-level. Institutions, they tell us, are “collections of standard operating procedures and structures that define and defend interest,” or “formal rules, compliance procedures and standard operating practices that structure relationships between individuals in various units of the polity and the economy.”⁵

The new institutionalism consists of a diverse cluster of attempts to preserve mid-level analysis by emphasising our social embeddedness and thereby the role of institutional structures and cultural norms as determinants of social life.⁶ Whereas neoliberals often deploy assumptions about utility-maximising agents to postulate the market as the form of organisation, circumstances permitting, that best expresses our rationality, institutionalists typically argue that agents are embedded in institutions and that networks are the organisations best suited to our embedded nature. On one hand, institutionalists use the concept of a “network” to describe the inevitable nature of all organisations given our social embeddedness – hierarchies and markets are networks. The concepts of “embeddedness” and “network” suggest that human action is always already structured by social relationships, and they thus provide institutionalists, such as Granovetter and Powell and DiMaggio, with a rebuttal of neoliberal approaches to

social science.⁷ On the other hand, institutionalists suggest that “networks” are better suited to many tasks than hierarchies or markets. The concepts of “embeddedness” and “network” provide institutionalists with a rebuttal of the neoliberal policies of the New Right since they imply the state should turn to networks not markets, trust not competition, and diplomacy not new public management.⁸ Typically institutionalists, such as Perri 6, combine these two ways of conceiving of networks by suggesting that although all organisations take the form of embedded networks, those that best resemble the ideal-type of a network reap the benefits of so doing.⁹

Institutionalists thus accept neoliberal arguments about the inflexible and unresponsive nature of hierarchies, but, instead of promoting markets, they appeal to networks as a suitably flexible and responsive alternative, one that recognises social actors operate in structured relationships. Institutionalists argue that economic efficiency and success derive from stable relationships characterised by trust, social participation, voluntary associations, and friendship, at least as much as from markets and competition. Although hierarchies can provide a setting for trust and stability, institutionalists often suggest the time for hierarchies has passed: hierarchies were useful for the routinized patterns of behaviour that dominated Fordist economies, but they are ill-suited to delivering the innovation and entrepreneurship that states now have to foster if they are to compete effectively in the new knowledge-driven global economy.¹⁰ The new economy requires networks in which trust and participation are combined with flexibility, responsiveness, and innovation. Network theory appeals here to its apparent ability to account for economic successes that are difficult for neoliberals to explain by reference to competition – Japanese alliance capitalism and the hi-tech sectors in Silicon Valley and north-central Italy.¹¹ The cutting-edge, most

prosperous parts of the new economy apparently thrive precisely because they are organised as networks.

Institutionalism suggests that we need to understand the effects of the policies of the New Right not through abstract models built on assumptions about utility-maximising agents but in terms of their impact on a socially-embedded set of actors. Institutionalists such as Rhodes and Stoker argue that marketization and the new public management had various unintended consequences as a result of entrenched institutional patterns and norms.¹² Neoliberal reforms fragmented service-delivery, thereby weakening central control without establishing proper markets. They created networks, as opposed to either the old hierarchies or the neoliberal vision of markets. Recent institutionalist studies of central and local government in Britain thus suggest that the neoliberal reforms of the 1980s undermined the capacity of the state to act by itself without establishing the neoliberal vision. According to institutionalists, the state now acts as one of several organisations that come together in diverse networks to deliver services. The state is characterised by power-dependent organisations that form semi-autonomous, self-governing networks.

Although interpretivism is compatible with much institutionalism and some neoliberalism, it modifies them by appealing to meanings.¹³ From an interpretivist perspective, institutionalism remains ambiguous about the nature of an institution. On the one hand, the practice and much of the theory of institutionalism appears to give institutions an unacceptably fixed form. Relatively few institutionalist studies explore the ways in which individual agents constantly recreate and alter norms and practices through their contingent activity. They are inclined, instead, to treat institutions as unproblematic, and even to construct typologies, or correlations between social facts

as modes of explanation. Institutionalists, for example, typically bypass meanings in favour of typologies that equate the character of networks with social facts such as their policy area, resources, or size.¹⁴ Moreover, institutionalists, as we have seen, often define institutions by reference to fixed rules that govern the actions of the individuals who fall under them in a way that reduces agency to acting on beliefs defined by one's institutional location or to following given rules.¹⁵ Because they thus cannot explain change in terms of the contingency of individual creativity, they reduce change to exogenous factors.¹⁶

On the other hand, institutionalists have tried to accommodate agency and contingency. Sociological institutionalists in particular incorporate cultural factors or meanings in institutions in a way that might suggest institutions cannot actually fix such meanings, nor thus the actions of the individuals who fall in them.¹⁷ However, if we open up institutions in this way, surely we have to ask how meanings, and actions, are created, recreated, and changed in ways that produce and transform institutions? If institutionalists genuinely want to allow for agency and contingency, they have to do more than merely pay lip-service to them. They have to leave their mid-level analysis with its typologies and correlations and examine instead the micro-level where contingent agents produce and change patterns of institutions, networks, and the state. They have to decentre the state so as to explore the ways in which it is produced, reproduced, and transformed through the conflicting actions of individuals with different beliefs and desires.

Another way of situating interpretivism would thus be to say that, like neoliberalism, it emphasises the importance of micro-theory. However, the micro-theory embedded in neoliberalism is problematic. On the one hand, it assumes we can

reduce preferences to objective self-interest, whereas even if an action happens to have beneficial consequences for the actor, we cannot from this fact alone conclude that the actor acted in order to bring about those consequences, and, besides, a theory predicated solely on self-interest cannot properly make sense of altruistic acts.¹⁸ On the other hand, therefore, some neoliberals expand the concept of preference to avoid making any assumptions about motives other than that they be consistent.¹⁹ Yet if we thus expand the concept of a preference, we leave it empty. The explanatory work is done less by abstract models built on deductions from assumptions about the utility-maximising actions of individuals, and more by appeals to the multiple and diverse beliefs and desires that motivated actual actors in particular circumstances. We thus need to decentre neoliberal micro-theory, that is, to explore the contingent beliefs and preferences of individuals as they inform conflicting actions that embody contingent contests over meanings.

So, an interpretive approach highlights the importance of interpreting the interpretations – the beliefs and desires – of social actors. This approach does not undermine all appeals to institutions, rules, or norms; nor does it deny that neoliberal models have a role in political science. On the contrary, some institutionalists and some neoliberals have tried to push their approaches in an interpretive direction. An interpretive approach suggests only that we need to think about, and tailor our use of, institutions, norms, assumptions about rationality, and models to a recognition that political science involves the interpretation of interpretations. It opens up a space for denaturalising narratives or problematizing descriptions as a way of challenging any particular data set together with the correlations and models people might develop therefrom.²⁰

Interpretivism prompts us to decentre changes in the state by unpacking the beliefs that inform diverse clusters of actions.²¹ It encourages us to examine the ways in which social life, institutions, and policies are created, sustained, and modified by individuals acting upon beliefs that are not given to them by either the institution itself or a universal rationality, but rather arise in a process in which they modify traditions in response to dilemmas. When we appeal to abstractions as necessary simplifications for analysis to proceed, we will rely less on typologies of institutions and correlations between their characteristics and outputs, and more on aggregates that clump people who hold similar beliefs or that capture shared meanings. We will explore both how traditions prompt people to adopt certain beliefs and how dilemmas prompt them to modify these traditions. A tradition is a set of theories and associated practices that people inherit, and that forms the background against which they then form beliefs and perform actions. A dilemma arises for people when a new belief, often itself an interpretation of an experience, stands in opposition to their existing ones thereby forcing a reconsideration of the latter. Interpretivism decentres the state by drawing our attention to contingency and agency, making change and conflict endogenous to, and continuous within, institutions.

If interpretivists decentred the state in this way, they would develop a narrative of recent changes somewhat different from those of neoliberals and institutionalists. Crucially, they would problematize the idea that governance arises from given inputs or pressures and policies just as much as that the relevant policies necessarily have the outcome expected by neoliberals. They would show how state-actors construct various views of the pressures or dilemmas, and also of the policies these require, depending on the various traditions upon which they draw. Institutionalists rightly

emphasise the unintended consequences of neoliberal reforms. A decentred narrative would emphasise, in addition, that the reforms themselves arise from a contest over meanings between different actors inspired by different traditions and responding to subtly different dilemmas. Allegedly given pressures are in no small part the constructions of the particular narratives that currently dominate political debate.

Interpreting New Labour: I. The Third Way

Interpretivism encourages us to explore changes in the state in relation to the contingent and contested beliefs that inform diverse policies, where these beliefs can be explained by traditions and dilemmas. What follows uses interpretivism to study New Labour.

In interpreting New Labour, we will find, first, that it constructs dilemmas such as state overload in ways subtly different from the New Right since it does so against the background of a social democratic tradition. We will find, second, that it responds to these dilemmas in ways that reflect both this tradition and its particular construction of the dilemmas. As we have already suggested, moreover, New Labour here conceives of the dilemmas, and responds to them, in ways that are entwined with institutionalism and network theory. Of course, neither institutionalism nor network theory are inherently social democratic. Rather, they can sustain various political positions, including Christian democracy and paternalist authoritarianism.²² In practice, however, institutionalism and network theory have found a home in New Labour due to personal ties, overlaps in their responses to the New Right and neoliberalism, and a shared, if often unrecognised, debt to a tradition of Christian

idealism.²³ We will find this to be so not only of New Labour's rhetoric but also of many of its public sector policies.²⁴

Constructing Dilemmas

An interpretative approach prompts us to locate New Labour at the juncture where a social democratic tradition struggles to come to terms with dilemmas initially highlighted by the New Right. Of course, the social democratic tradition contains several competing strands – we should no more fix it than we should institutions – so when we invoke it, or for that matter New Labour, Old Labour, or the New Right, we simplify complex patterns of belief. Broadly speaking, however, we can identify a social democratic tradition for which the individual exists and attains the good only in the context of community. Blair often expresses this belief, insisting, for example, that we are “citizens of a community”, not “separate economic actors competing in the marketplace of life.”²⁵ Social democrats join institutionalists in arguing that sociality and solidarity are integral features of human life.²⁶ We make sense of the world, including our own interests, in the context of social institutions that constrain us, enable our creativity, and bind us to one another in community.

Social democrats used a belief in our socially embedded nature to help justify commitments to social justice, citizenship, and fellowship. For much of the post-war period, social democrats saw the Keynesian welfare state as a means of realising these commitments. The state would promote equality by demand management, welfare provision, and progressive taxation. Our social nature and our responsibilities to our fellow citizens were unpacked in terms of universal social rights to a minimal standard of living, including adequate food, clothing, and housing, as well as protection from

ill-health and unemployment. The welfare state also embodied the command model of public service provision that had become so popular with social democrats between the two world wars.

During the 1970s and 1980s, a number of dilemmas confronted social democrats: worries about the underclass challenged the welfare state, worries about state-overload posed questions of the command model of public-service provision, and worries about inflation undermined the Keynesian macro-economic framework. Typically these dilemmas were highlighted by the New Right, which thus established a hegemony over discussion of them, a hegemony apparent in New Labour's adoption of positions similar to those of the New Right.

Perhaps the most significant similarity is the way in which New Labour, at least implicitly, conceives of the global economy as a competitive setting that renders economic efficiency and success absolute prerequisites for, and even the leading criteria of, almost everything else. When institutionalists invoke costs of learning to explain the persistence of otherwise inefficient institutions, and when New Labour represents flexible labour markets and welfare reform as economic imperatives of the global economy, they tacitly accept the neoliberal idea of an unavoidable, universal, and tyrannical economic rationality – a rationality that operates at the micro-level but creates structural constraints to which we have no option but to bow.²⁷ In bowing to unavoidable economic rationality, New Labour adopts themes that spread out to alter other parts of its heritage.²⁸ The social democratic ideal, for example, becomes less one of social cooperation aimed at securing the good life for all, than one of economic partnership in which robust competition, with everyone having a chance to compete, secures prosperity for all.

Another significant similarity between New Labour and the New Right lies in their overlapping rejections of the bureaucratic hierarchies associated with Old Labour. New Labour accepts that the state suffered a crisis because hierarchies were inefficient in the new global economy. In this respect, New Labour again transforms the social democratic tradition to mirror the New Right. Mandelson and Liddle, for example, explicitly reject the “municipal socialism” and “centralised nationalism” of Labour’s past when they insist that New Labour “does not seek to provide centralised ‘statist’ solutions to every social and economic problem.”²⁹

Despite the similarities between New Labour and the New Right, we should be wary of interpreting the former as a capitulation to the latter.³⁰ If we did so, we would risk neglecting the constructed and contingent nature of social life in a way that would leave us few resources by which to explain their differences. Interpretivism suggests that while New Labour and the New Right have conceived the dilemmas in broadly similar terms, they have done so against the background of different traditions the continuing influence of which explains the differences in their thinking and their policies. While New Labour represents a response to the New Right, social democrats have constructed the dilemmas facing the welfare state, public services, and economy against the background of their social democratic tradition, and so in a way different from the New Right.

In the case of the welfare state, social democrats sometimes express worries about the underclass, but they generally portray this class as trapped on welfare not because of psychological dependency, but because of institutional factors such as the way welfare payments get reduced once claimants start to earn even modest wages. Some of New Labour’s policy advisors even suggest that the welfare state traps people

in poverty because it fails to conceive of poverty as social exclusion or “network poverty”. Dependency gets conceptualised by New Labour in terms of an insufficient or inappropriate social embeddedness. According to Perri 6, for example, the most common way of getting a job is through informal networks of friends, former colleagues, and acquaintances.³¹ The welfare state traps people in unemployment by lumping them together, thereby undermining their ability to enter the social networks where jobs are found. If unemployed people volunteer, they are treated as being unavailable for work, and yet, Perri 6 continues, volunteering is an important way of entering the networks and making contacts that result in employment. Likewise, training schemes for the unemployed are provided by specialist bodies that deal with them alone, instead of by companies that connect them to the employed.

In the case of public services, when social democrats deplore the inefficiency and rigidity of the provision of goods by a hierarchic bureaucracy, they rarely describe such inefficiency and rigidity as inherent consequences of public ownership, as does the New Right. On the contrary, New Labour’s third way embodies a rebuttal of the New Right since it implies that the New Right’s faith in markets ignored our social embeddedness. Advocates of the third way argue that public services should reflect our sociality in that they should encourage an ethic of mutual co-operation, even if, when appropriate, they rely on market mechanisms to increase choice and promote responsibility. David Clark, then the Minister for Public Services, explained, for example, that policies such as market testing “will not be pursued blindly as an article of faith,” although they “will continue where they offer best value for money.”³² Although New Labour accepts that markets can be an appropriate means of delivering public services, it insists that markets are not always the most efficient way to deliver

services since they can go against the public interest, reinforce inequalities, and entrench privilege, all of which damages economic performance. For New Labour, the problem with public services is one of adapting them to new times, not rolling back the state to promote market competition.

In the case of the economy, social democrats have often rejected Keynesian macroeconomics but only rarely adopted the monetarist doctrines associated with the New Right. New Labour follows the New Right in taking macroeconomic stability, especially low inflation, to be the leading pre-requisite of growth and high, long-term levels of employment – “government’s first job is to ensure a stable macroeconomic environment.”³³ New Labour also follows the New Right, therefore, in concentrating on supply-side reforms rather than demand-management. Nonetheless, New Labour’s supply-side vision reflects an institutionalist narrative – and the heritage of Wilsonian socialism – as opposed to neoliberalism.³⁴ New Labour follows the institutionalists in suggesting the problem is not one of removing barriers to competition but of coming to terms with the new economy. Leadbeater writes here of a thin-air economy in which knowledge is all-important, and in which the vital ingredients for success are flexibility and innovation.³⁵ Mulgan similarly evokes a new “connexity”, produced by a revolution in communications and technology, that has brought a shift from liberal individualism and old-style social democracy to new forms of interdependence.³⁶ For New Labour, the problems facing Britain’s economy derive from a short-term outlook that neglects investment in the supply-side as much as from inflation. By constructing the dilemma facing the economy differently from neoliberals, New Labour opens up another space in which to denounce the New Right. This denouncement, like the institutionalist response to neoliberalism, highlights the dangers of neglecting social

embeddedness and fetishizing the market. An appeal to social embeddedness appears, for example, in New Labour's flirtation with stakeholder economics, itself a part of the institutional economics from which the institutionalist narrative takes much of its inspiration.³⁷ According to New Labour, because the New Right failed to recognise that firms are social organisations, its policies encouraged an excessive individualism that privileged short-term concerns, created unnecessary economic volatility, and increased divisions within society.³⁸ The third way begins with our social nature and the importance of a community composed of mutual rights and obligations, and then suggests these considerations show social cohesion to be integral to economic prosperity.³⁹

New Labour's Response

New Labour has trumpeted several big ideas – stakeholder society, social capital, communitarianism, and the third way – to convey its distinctive response to the crisis of the state. Whatever the brand-label, New Labour advocates a society of stakeholders enabled by a state that forms with them partnerships and networks based on trust. New Labour's response to the perceived crisis of the state overlaps with, and draws on, institutionalism and network theory. Having accepted aspects of the New Right's challenge to the Keynesian welfare state while rejecting its turn to markets and monetarism as inappropriate given our social embeddedness, New Labour advocates instead networks of institutions and individuals acting in partnership and held together by relations of trust. New Labour does not exclude bureaucratic hierarchy or quasi-market competition; rather, it advocates a mix of hierarchies, markets, and networks, with the choice between them depending on the nature of the service – “services

should be provided through the sector best placed to provide those services most effectively,” where “this can be the public, private or voluntary sector, or partnerships between these sectors.”⁴⁰ An interpretive approach indicates how New Labour uses institutionalism and network theory to create an alternative to both Old Labour and the New Right.

In the case of the welfare state, a belief in our social embeddedness encourages New Labour to envisage a world of citizens linked together by reciprocal duties and responsibilities. These citizens join the state in a cooperative enterprise aimed at producing an economically and socially vibrant nation. The state acts not as a safety-net but as an enabler: it provides citizens with opportunities for advancement, but it is up to the citizens to take advantage of these opportunities. New Labour thus seeks to promote individual responsibility through cooperation. Frank Field, former Minister for Welfare Reform, wrote, for example, of an “age of mutuality” during which “self-interest . . . will also promote the common good,” before emphasising the importance of locating responsibility for self-improvement with individuals.⁴¹ Blair too has said, “the modern welfare state is not founded on a paternalistic government giving out more benefits but on an enabling government that through work and education helps people to help themselves.”⁴² The enabling state represents an allegedly new type of partnership – “a new contract between citizen and state.”⁴³

One clear aim of this new partnership is to overcome social exclusion and network poverty. New Labour’s New Deal for the Unemployed aims “to make work pay” by eradicating the institutional disincentives to employment created by the rules governing taxation and benefits: a Working Families Tax Credit, for example, will supplement earnings from paid employment with cash benefits so that every family

containing a full-time worker will have a guaranteed minimum income of a hundred and ninety pounds a week.⁴⁴ The New Deal also aims to connect the unemployed to the employed. The young unemployed are given four options, including volunteering as well as paid work, training, and participation in an environmental task-force.⁴⁵ The government also offers a subsidy to employers lasting six months for each worker they recruit from among the long-term unemployed. New Labour appears already to be acting on Perri 6's advice that welfare-to-work schemes should maximise the opportunities for the unemployed to make contacts with those in work.

In the case of public services, the Labour government conceives of networks as peculiarly appropriate to its ideals of partnership and an enabling state. The Service First programme, in particular, promotes Quality Networks composed of locally organised groups of people, from all areas and levels of the public sector, who work together in partnerships based on trust. The purposes of these networks include the development of principles of best practice, the sharing of troubleshooting skills, and the building of partnerships between relevant organisations. They aim to encourage "public services to work together . . . to ensure that services are . . . effective and co-ordinated."⁴⁶ Although the idea of Quality Networks applies primarily to public sector organisations, the government has extended the underlying principles to voluntary and private sector organisations. A Cabinet Office publication announces, "we will work in partnership with the private sector, extending the circle of those involved in public service."⁴⁷

Although New Labour's emphasis on individual involvement overlaps with themes found in the New Right, its model of service delivery does not follow that of the New Right. On the contrary, New Labour argues that many features of the new

public management, such as quasi-markets and contracting-out, maintained an unhealthy dichotomy between the public and private sectors: public bodies did not connect properly with private companies but merely contracted services out to them – this argument is used to justify abolishing the internal market in the National Health Service (NHS). In contrast, the third way is supposed to develop networks that enable public and private organisations properly to collaborate. In more concrete terms, the government has revived Private Finance Initiatives in an attempt to create mechanisms by which public and private organisations can form partnerships and networks to finance and undertake projects. Typically these projects constitute a form of investment in the supply-side, such as the construction and repair of schools or the transport infrastructures.

New Labour's networks for public service delivery are supposed to be based on trust. Blair describes trust as “the recognition of a mutual purpose for which we work together and in which we all benefit.”⁴⁸ Trust matters, New Labour tells us, because we are interdependent social beings who achieve more by working together than by competing. Effective and high quality public services are best achieved through co-operative relations based on trust. Blair talks of building relationships of trust between all actors in society: trust is promoted between organisations by means of the Quality Networks programme; it is promoted inside organisations through “management within boundaries”; and it is promoted between organisations and individuals by means of the Service First programme.

In the case of the economy, New Labour tells us that the state should become an enabling institution organised around self-organising networks. The state thus will promote a culture of collaboration and investment in infrastructure, research, and

training, all of which are integral to a competitive supply-side. “The Government has a key role in acting as a catalyst, investor, and regulator to strengthen the supply-side of the economy.”⁴⁹ It can best fulfil this role, moreover, by entering into partnerships and networks with individuals, voluntary bodies, and private companies. Hence, New Labour now champions Individual Learning Accounts, with the state and employers giving individuals a grant toward training provided the individuals provide a small initial sum. Hence also, the government has formed a partnership with the Wellcome Trust to spend nigh-on one and a half billion pounds improving the technological base of British industry.

New Labour clearly regards networks as good institutions in two senses. Networks are ethical in that they reflect our social embeddedness within a community that gives us rights and responsibilities. And networks are good in that they promote competitiveness. The prosperity, as much as social revival, of community depends on clusters of self-governing institutions, such as schools, housing associations, and local councils, working together in networks. The models here are the economic success stories beloved of institutionalists – the Asian Tigers, Silicon Valley, and north-central Italy. Leadbeater draws out, for example, the lessons to be learnt from California.⁵⁰ He argues economic competitiveness depends on entrepreneurship and knowledge, especially of software, the internet, and biotechnology. California promotes a culture of creative individualism that fosters the openness and experimentalism essential to such entrepreneurship and knowledge. The hi-tech companies of Silicon Valley form networks in which they share information and collaborate on projects. The networks of hi-tech firms are, moreover, models of stakeholding, being embedded in the moral community: they have extensive schemes of employee-ownership, they focus on

building loyalty among employees and customers, and they set high standards of corporate responsibility. If Britain builds networks of social entrepreneurs and civic leaders, Leadbeater implies, it will share the flexibility, responsiveness, and prosperity of California.

Investment in the supply-side and the creation of networks are the solution, for New Labour, to Britain's economic ills. The new, knowledge-driven, global economy offers opportunities and constraints. It allows, and requires, us to create innovative ideas and to turn them into jobs and economic growth. Britain, New Labour explains, has to become an outward-looking, flexible, and creative centre. To do so, as the institutionalists suggest, we have to develop networks, connexity, and social capital. Hence why Blair, following governmental advisors such as Leonard, wants to rebrand Great Britain as "cool Britannia" – a people and society characterised by "know-how, creativity, risk-taking, and, most of all, originality."⁵¹

An interpretive approach to New Labour showed its stance toward the state to be the product of a contingent set of beliefs adopted against the background of a social democratic tradition in response to a particular construction of the problems facing the welfare state, the public sector, and the economy. It also uncovered the extent to which New Labour's beliefs overlap with, and draw on, institutionalism and network theory. Of course, there are disagreements and debates within the politicians and policy advisors of New Labour: Leadbeater and Mulgan have suggested that the idea of stakeholding proposed by Will Hutton and John Kay is too cumbersome to meet the demands of the entrepreneurial, knowledge-driven economy of today, while Stoker has pointed to some of the tensions within New Labour's projects.⁵² Nonetheless, these disagreements generally occur within a broad, shared framework: Leadbeater

and Mulgan allow that stakeholding remains a viable idea, while Stoker suggests politics is all about dealing with such tensions. The elite of New Labour rely on an overlapping consensus common to institutionalism and the new social democracy. They speak the language of social embeddedness, sociality, community, social capital, networks, and partnership.

Interpreting New Labour: II. Joined-up Governance

New Labour's response to the perceived crisis of the state overlaps with, and draws on, institutionalism. Against the background of a social democratic tradition, New Labour has constructed the dilemmas facing the state in a way that points to rejection of Old Labour and the New Right and affirmation of social embeddedness, partnership, networks, and trust. Blair glosses this vision as, "joined-up problems need joined-up solutions."⁵³ Joined-up governance refers to New Labour's vision of a state reformed in accord with the third way. The idea of joined-up governance thus belongs at the juncture where New Labour and institutionalism provide an alternative narrative of recent changes in the state to the neoliberal one of the New Right. Indeed, joined-up governance invokes networks as a way to resolve not only the perceived crisis of the old-fashioned bureaucratic state but also the additional damage that New Labour and institutionalists suggest has been wrought on the state by the reforms of the New Right. It stands here as a response to dilemmas of fragmentation, steering, and managerialism.

Constructing Dilemmas

As we have seen, the third way deploys institutionalism to challenge the neoliberal narrative. The New Right, it implies, failed to recognise our sociality and community, and consequently fetishized markets in a way that damaged the efficiency, flexibility, and responsiveness of the public sector and economy. This challenge to the New Right suggests that its misguided policies have created additional dilemmas for the state – co-ordination, control, and ethics. Joined-up governance attempts to resolve these concerns.

A lack of co-ordination is one of the most widely invoked consequences of the public sector reforms of the New Right. Services are delivered by a combination of government, special-purpose bodies, and the voluntary and private sectors. There are 5,521 special-purpose bodies that spend over 39 billion pounds and to which ministers make about 70,000 patronage appointments. Marketization has resulted, critics say, in excessive fragmentation.

According to institutionalists, the fragmentation associated with the New Right merely exacerbates a lack of co-ordination also characteristic of hierarchies. Perri 6, for example, argues that the organisation of government into separate departments with their own budgets undermines attempts to deal with “wicked problems” that cut across departmental cages.⁵⁴ The reforms of the New Right, he implies, made it even harder to deal adequately with these wicked problems since they created a plethora of agencies that are only too willing to pass problems on to others in order to ensure they meet the quasi-market criteria of success under which they operate: for instance, schools exclude difficult children who then turn to crime, and the mentally-ill are

returned to the community where they are liable to become a law-and-order problem. Government, he concludes, needs to be holistic.

While the New Right has exasperated the problem of co-ordination, it is, institutionalists and New Labour suggest, the external fact of globalisation that has made this problem a pressing one. The Foreign Policy Centre declares, for example, that the problems of today “have exploded across the boundaries of nations and departments of state” so that we now live in a “shrinking and fast-moving world” – “a globalized world” in which factories in Cardiff shut down because of troubles in the economy of South Korea.⁵⁵ As a result of globalisation, we need to move away from traditional bureaucratic modes of co-ordination towards networks formed around particular issues: “the Foreign Policy Centre will abandon the idea of desk officers monitoring geographical areas or government departments, and organise its thinking around the cross-cutting issues to come up with joined-up solutions.”⁵⁶

The Labour government indicates sensitivity to issues of co-ordination in Modernising Government. This White Paper illustrates the problem by pointing to the large number of organisations involved in providing long-term domiciliary care.⁵⁷ It also follows Perri 6 in its analysis of the rigidity and limits of central departments. It too calls for holistic, joined-up governance.

A lack of control is another problem associated with the reforms of the New Right. Institutionalists, such as Stoker, suggest that fragmentation has led to an increasingly diverse range of institutions being involved in the process of governance so that there is a particular need for the central core to provide leadership.⁵⁸ The New Right exasperated this problem by getting rid of functions through privatisation and regulation. The unintended consequence of its doing so, institutionalists such as

Rhodes tell us, was a loss of control – a hollowing out of the state.⁵⁹ The New Right created numerous special-purpose agencies that are difficult for the state to steer: there is even a suspicion that some privatised companies have captured their regulatory bodies. New Labour often echoes the institutionalists' account of the issue of control. Its turn toward a corporate approach, its attempts to strengthen horizontal policy-making, and the increased role given to the Cabinet Office are all efforts to increase the strategic capability of central government.⁶⁰

Excessive managerialism is yet another problem often linked to the reforms of the New Right. Although views differ on the extent to which the senior civil service has acquired more than a veneer of the new managerialism, social democrats and institutionalists fear that managerialism will erode public-service ethics. The apparent spread of patronage under the New Right, in particular, provoked worries about standards of public conduct. In addition, the new public management was seen as undermining the sense of public duty associated with the generalist tradition of the civil service.

New Labour's Response

Institutionalists and social democrats have drawn on their traditions to ascribe problems of co-ordination, control, and public ethics to the public sector reforms of the New Right. They also draw on the same traditions to prescribe solutions to these problems. New Labour's vision of joined-up governance tackles these problems using the tools championed by institutionalists and network theorists. These tools, New Labour suggests, can create a public sector that is flexible, responsive, entrepreneurial, and efficient, a public sector in tune with the new, knowledge-based, global economy.

In response to fragmentation, institutionalists appeal to networks as offering flexible yet effective co-ordination. New Labour, similarly, claims that the delivery of services depends, as never before, upon our linking organisations: we need responsive connections between organisations in a relatively unstructured framework. Networks allegedly can co-ordinate departments in a way that will not produce a new system of cages since networks are decentralised and characterised by an indirect and diplomatic style of management.

New Labour describes one of the main challenges facing the civil service as “improving collaborative working across organisational boundaries.”⁶¹ It hopes to meet the challenge by “ensuring that policy making is more joined-up and strategic.”⁶² New Labour has thus created a Social Exclusion Unit to “develop integrated and sustainable approaches to the problems of the worst housing estates, including crime, drugs, unemployment, community breakdown, and bad schools.”⁶³ The Unit has established employment, education, and health zones operating under a single regeneration budget. These Action Zones are meant to enable the state to operate across departmental cages when dealing with wicked problems. New Labour has also turned to networks in search of co-ordination within the areas of employment, education and health. In the case of employment, the government has established Action Teams that focus on network poverty conceived as “a cycle of decline” in which “children from workless or low income households are much less likely to stay at school, which in turn has a significant impact on their chances of work.”⁶⁴ In the case of health, it initiated “a new statutory duty for NHS Trusts to work in partnership with other NHS organisations,” so that the various bodies that deliver services work together to develop integrated systems of care.⁶⁵ In the case of education, it created

zones composed of about twenty schools, covering all age ranges and operating under an action forum composed of the local education authority in partnership with businesses, parents, and community groups.

Because institutionalists often champion networks as a superior form of organisation, they have paid considerable attention to the question of how best to control them.⁶⁶ Typically they concentrate on presenting the styles of management they believe best fit different types of network defined by reference to allegedly objective social facts such as the structure of relations. Almost all the popular management styles seek to provide scope for central government to steer networks whilst promoting a culture of trust through greater diplomacy and negotiation. Stoker, for example, lists techniques for steering urban governance that clearly strive to avoid hierarchy: they include indirect management through cultural persuasion, communication, and monitoring, as well as more direct steering through financial subsidies.⁶⁷

New Labour similarly promotes a culture of trust while attempting to deploy a range of techniques to ensure central control. In the case of local government, for example, Mulgan and Perri 6 argue that local authorities have to show they can be trusted, but that, as and when they do, central government should devolve greater powers and services to them.⁶⁸ In practice, New Labour's Local Government Act (2000) considerably increases the powers of local government at the same time as the central government is intervening through persuasion and "naming and shaming" in an attempt to ensure councils respond to its agenda in the way it thinks appropriate.⁶⁹ Elsewhere too New Labour combines a decentralisation that gives greater scope to other bodies with attempts to specify in great detail what these bodies should do, to

persuade them to do what is specified, and to regulate them in relation to the specifications. In the case of employment, the government describes the Action Teams as “a flexible programme, based on local initiative,” but it relies on direct financial control to hold them to the three criteria it prescribes for judging them – a rise in the proportion of people in work, an improvement in the employment rates of disadvantaged groups, and the number of people employed through the “direct efforts of the Team.”⁷⁰ In the case of health, it suggests that local variations in standards of care can be overcome by organisations sharing principles of best practice, but it specifies national standards and preferred models for specific types of service.⁷¹ In the case of education, even as schools have acquired more powers, so the centre has defined measures of literacy and numeracy.

The government generally adopts an instrumental approach to network management. New Labour assumes the centre can devise and impose tools that will foster integration within networks and thereby realise the objectives of the central government. Measures such as the creation of Action Zones have a centralising thrust. They seek to co-ordinate departments and local authorities by imposing a new style of management on other agencies, and they are to operate and be evaluated by criteria defined at the centre. Indeed, the government openly says that while it does “not want to run local services from the centre,” it “is not afraid to take action where standards slip.”⁷² The centre owns zones, and local agendas are recognised only if they conform to that of the centre.

Fears about the erosion of the traditional public service ethos quickly inspired interest in a code of ethics. The Treasury and Civil Service Committee proposed such a code complete with an independent appeal to the Civil Service Commissioners.⁷³

New Labour intends to give this code statutory force.⁷⁴ The Ministerial Code states that ministers have “a duty to uphold the political impartiality of the Civil Service” and “to ensure that influence over appointments is not abused for partisan purposes.”⁷⁵ The Modernising Government White Paper also asserts New Labour’s commitment to public services and public servants, declaring, “we will value public service, not denigrate it.”⁷⁶

Networks, New Labour implies, can resolve the problems of co-ordination and control, and so, in conjunction with a suitable ethical code, establish a responsible, efficient, and effective public sector. The government and its advisors equate networks with a flexibility and responsiveness they think peculiarly important for the new economy. For Perri 6, the flexibility of networks means joined-up governance will be able to identify and tackle problems before they become acute.⁷⁷ It also means that governmental bodies will be able to work in partnership with private sector ones to generate additional finance and expertise. The alleged responsiveness of networks implies that joined-up governance will tackle issues in the round instead of through numerous, separate agencies. It also implies that the state will focus on changing cultural habits through information and persuasion instead of changing behaviour through coercion and control. More generally, networks appear as organisations peculiarly conducive to the growth, in Leadbeater’s words, of a “civic enterprise culture”.⁷⁸ The flexibility and responsiveness of joined-up governance allegedly encourages an innovative, people-focused culture that attracts civic entrepreneurs – visionary individuals whose skills lie in building networks and establishing trust. We are thus taken from a world of risk-adverse static organisations staffed by bureaucrats

to one of complex networks within which social entrepreneurs create synergies and virtuous cycles.

An interpretive approach to New Labour represents its concept of joined-up governance as the product of a contingent set of beliefs formed against the background of a social democratic tradition responding to dilemmas of co-ordination, control, and public ethics. It also points to the extent to which joined-up governance overlaps with, and draws on, institutionalism and network theory. Of course, here too there are disagreements and debates among the politicians and policy advisors of New Labour: Perri 6 and other Demos researchers call on the government to learn from its early mistakes and to devolve more.⁷⁹ Yet the disagreements occur in a shared framework: Perri 6 elides his concept of holistic government with joined-up governance while appealing to Action Zones and Single Regeneration Budgets as concrete examples of his vision.⁸⁰ The elite of New Labour rely on an overlapping consensus common to institutionalism and the new social democracy. They speak the language of networks, zones, steering, partnership, trust, and civic entrepreneurship.

Conclusion

An interpretive approach leads us to clump together New Labour, joined-up governance, and institutionalism in much the same way as we already clump the New Right, the new public management, and neoliberalism. In doing so, it also pushes institutionalists to take meanings more seriously and thereby points toward a critique of aspects of New Labour and institutionalism. It suggests that changes in the state occur as a result of political contests over meanings, which are best explored in terms

of traditions and dilemmas; they cannot be explained adequately by reference to rules, institutions, and path dependency.

Interpretivism overlaps considerably with institutionalism. It too entails belief in social embeddedness. It too points to the importance of institutions – though these might better be conceived as practices and traditions – as contexts within which agents respond to the world. Interpretivism even encourages a belief in networks as a ubiquitous form of social organisation: all social life is about interdependent actors engaging in interactions predicated on interpretations of one another. Nonetheless, interpretivism modifies or undercuts two inter-linked tendencies often apparent in institutionalism and also New Labour. First, interpretivism challenges the tendency to marginalize questions about the diverse actions and beliefs of agents in any particular institutional setting.⁸¹ Institutions should be seen as practices that are constantly being recreated and modified through the actions of the agents within them, actions that usually create and also embody a conflict over meanings. Second, interpretivism thus challenges an assumption of predictability and so the possibility of control. Social life arises from the bottom up, beginning with the contingent actions of innumerable individuals rather than fixed rules or norms.

In so far as institutionalists tend to marginalize micro-level studies of contingent beliefs and desires, they suggest there is just the one story to tell – a story of objective facts about social pressures, entrenched institutions, and policy outcomes. Interpretivism, in contrast, emphasises that different people construct the pressures, institutions, and outcomes differently depending in part on the tradition against the background of which they do so. It relates narratives of the many different stories that motivate relevant actors and so have historical significance. From an interpretivist

perspective, therefore, the institutionalist story of New Labour is not the only one: it is not a pure and neutral account of a given history, but rather a historical event with its own problematic genealogy. To denaturalise institutionalism and New Labour in this way is to ask, who is telling this story and why? What alternative stories might be told? Which stories do we want to be governed by?

¹ M. Granovetter, “The Strength of Weak Ties”, American Journal of Sociology 78 (1973), 1360-1380; M. Granovetter, “Economic Action and Social Structure: The Problem of Embeddedness”, American Journal of Sociology 91 (1985), 481-510; P. DiMaggio & W. Powell, “The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields”, in W. Powell & P. DiMaggio, eds., The New Institutionalism in Organizational Analysis (Chicago: Chicago University Press, 1991); W. Powell, “Neither Market nor Hierarchy: Network Forms of Organization”, Research in Organizational Behaviour 12 (1990), 295-336; R. Rhodes, Understanding Governance: Policy Networks, Governance, Reflexivity, and Accountability (Buckingham: Open University Press, 1997), chaps. 2 & 4; and G. Stoker, “Urban Political Science and the Challenge of Urban Governance”, in J. Pierre, ed., Debating Governance (Oxford: Oxford University Press, 2000), p. 93.

² See respectively T. Blair, “A Stakeholder Society”, Fabian Review 103 (1996), 1-4; T. Blair, New Britain: My Vision of a Young Country (London: Fourth Estate, 1996), pp. 290-321. For the links between institutionalism and stakeholder economics see J. Kay, Foundations of Corporate Success (Oxford: Oxford University Press, 1993). For those between institutionalism and communitarianism see P. Selznick, The Moral Commonwealth: Social Theory and the Promise of Community (Berkeley: University of California Press, 1992). For those between institutionalism, social capital, and the third way see S. Szreter, A New Political Economy for New Labour: The Importance of Social Capital, Policy Paper No. 15, Political Economy Research Centre, University of Sheffield, 1998).

³ Cm 4176, Our Competitive Future: Building the Knowledge Driven Economy

(London: Stationery Office, 1998).

⁴ D. Osborne & T. Baebler, Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector (Reading, MA: Addison-Wesley, 1992).

⁵ J. March & J. Olsen, "The New Institutionalism: Organisational Factors in Political Life", American Political Science Review 78 (1984), 738; and P. Hall, Governing the Economy: The Politics of State Intervention in Britain and France (Cambridge: Polity Press, 1986), p. 20.

⁶ For general discussions see P. Hall & R. Taylor, "Political Science and the Three New Institutionalisms", Political Studies 44 (1996), 936-957; J. Kato, "Institutions and Rationality in Politics: Three Varieties of Neo-Institutionalists", British Journal of Political Science 26 (1996), 553-582; V. Lowndes, "Varieties of the New Institutionalism: A Critical Appraisal", Public Administration 74 (1996), 181-197; and P. DiMaggio, "The New Institutionalisms: Avenues of Cooperation", Journal of Institutional and Theoretical Economics 154 (1998); as well as P. Hirsch and M. Lunsbury, "Ending the Family Quarrel: Toward a Reconciliation of the 'Old' and 'New' Institutionalisms", American Behavioural Scientist 40 (1997), 406-418. Our main interest will be with sociological institutionalism since the formal accounts of path-dependency by historical institutionalists leave it parasitic on the micro-theory of neoclassical economics. See P. Pierson, "Increasing Returns, Path Dependence, and the Study of Politics", American Political Science Review 92 (2000), 251-267; J. Mahoney, "Path Dependence in Historical Sociology", Theory and Society 29 (2000), 507-548; and for critical comment H. Schwartz, "Down the Wrong Path: Path Dependence, Markets, and Increasing Returns", unpublished paper

⁷ Granovetter, “Economic Action”; and Powell & DiMaggio, New Institutionalism.

⁸ M. Granovetter, “Business Groups”, in N. Smelser & R. Swedberg, eds., Handbook of Economic Sociology (Princeton: Princeton University Press, 1994), pp. 453-475; and Powell, “Neither Market nor Hierarchy”.

⁹ Institutionalists often elide good in the sense of promoting community with good in terms of a quasi-Darwinian notion of success. Perri 6, for example, says, “a ‘good’ institution . . . is a more viable one than others that might, in a given social setting, emerge . . . [it] is one that promotes organic rather than mechanical solidarities.” Perri 6, “Neo-Durkheimian Institutional Theory”, Paper to Conference on Institutional Theory in Political Science, Loch Lomond, 1999.

¹⁰ For the link between networks and innovation see W. Powell, K. Koput, & L. Smith-Doerr, “Interorganizational Collaboration and the Locus of Innovation: Networks of Learning in Biotechnology”, Administrative Science Quarterly 41 (1996), 116-145; and C. DeBresson & F. Amesse, eds., Networks of Innovators, Special Issue of Research Policy 20 (1991).

¹¹ Granovetter, “Business Groups”; and R. Putnam, Making Social Democracy Work: Civic Traditions in Modern Italy (Princeton: Princeton University Press, 1993), p. 160.

¹² Rhodes, Understanding Governance, partic. chaps. 1 & 3; R. Rhodes, “Its the Mix that Matters: From Marketisation to Diplomacy”, Australian Journal of Public Administration 56 (1997), 40-53; and G. Stoker, “Introduction: The Unintended Costs and Benefits of New Management Reform for British Local Governance”, in G. Stoker, ed., The New Management of British Local Governance (London: Macmillan, 1999), pp. 1-21.

¹³ Interpretivism includes, of course, a variety of different approaches, as discussed in M. Bevir & R. Rhodes, “Interpretative Theory”, in D. Marsh & G. Stoker, eds., Theory and Methods in Political Science (London: Macmillan, 2002). In particular, whereas I am assuming that meanings are best understood in terms of the beliefs of agents, other interpretivists understand them in terms of social discourses conceived as quasi-structures. For the philosophical underpinnings of my approach see M. Bevir, The Logic of the History of Ideas (Cambridge: Cambridge University Press, 1999), pp. 31-77. Although an analysis of meanings in terms of the beliefs of individuals precludes a strong structuralism, it is compatible with a more dialectical view of structure and agency such that agents are always socially embedded. See Bevir, Logic, pp. 187-199.

¹⁴ See R. Rhodes, Beyond Westminster and Whitehall (London: Unwin-Hyman, 1988), pp. 77-78; D. Marsh & R. Rhodes, eds., Policy Networks in British Government (Oxford: Clarendon Press, 1992), p. 251; F. van Waarden, “Dimensions and Types of Policy Networks”, European Journal of Political Research 21 (1992), 29-52; and S. Wilks & M. Wright, “Conclusion: Comparing Government-Industry Relations: States, Sectors, and Networks”, in S. Wilks & M. Wright, eds., Comparative Government Industry Relations (Oxford: Clarendon Press, 1987), p. 300.

¹⁵ Compare M. Finnemore, “Norms, Culture, and World Politics: Insights from Sociology’s Institutionalism”, International Organization 50 (1996), 325-347.

¹⁶ See Powell and DiMaggio New Institutionalism; and Marsh & Rhodes, Policy Networks, p. 261.

¹⁷ Perri 6, “Neo-Durkheimian”. The neo-Durkheimians, like interpretivists, recognise that beliefs and classification are integral to culture and institutions. However,

whereas interpretivists treat systems of classification as embedded within the contingent beliefs of particular actors, neo-Durkheimians treat them as quasi-structures that prescribe the content of agency, culture, and institutions. Thus, whereas interpretivists seek historical narratives of the construction of different systems of belief and the practices these inspire, neo-Durkheimians seek typologies or grids that define the characteristics of an allegedly finite number of possible systems of classification. Also see C. Hood, The Art of the State: Culture, Rhetoric, and Public Management (Oxford: Clarendon Press, 1998).

¹⁸ A. Downs, An Economic Theory of Democracy (New York: Harper & Row, 1957), pp. 27-8.

¹⁹ J. Elster, Sour Grapes: Studies in the Subversion of Rationality (Cambridge: Cambridge University Press, 1983), p. 1. Some rational choice theorists hope thereby to incorporate norms, values, and even beliefs as sources of preferences. See W. Mitchell, "The Shape of Public Choice to Come: Some Predictions and Advice", Public Choice 77 (1993), 133-144; and C. Vicchaeri, Rationality and Co-ordination (Cambridge: Cambridge University Press, 1993), pp. 221-224.

²⁰ On the undervaluing of "problematizing redescription" in other forms of political science see I. Shapiro, "Problems, Methods, and Theories in the Study of Politics, or: What's Wrong with Political Science and What to do About it", Political Theory (2002).

²¹ For an analysis of the concepts of tradition and dilemma see Bevir, Logic, pp. 200-218 & 223-252.

²² Because network theorists use their theory to explain the successes of Asian economies, New Labour politicians at times have found themselves asking what

British social democracy might learn from authoritarian states such as Singapore. See T. Blair, Speech to the Singapore Business Community, 8 January 1996.

²³ While here is not the place to document the temporal and conceptual links that fix the tradition of Christian idealism, we might note that Karl Polanyi, one of the godfathers of institutionalism, was a member of the Christian left inspired by John Macmurray, the idealist philosopher who inspired Blair's conversion to socialism: M. Bevir & D. O'Brien, "From Idealism to Communitarianism: The Inheritance and Legacy of John Macmurray", History of Political Thought (2003). We also might note how Reinhard Bendix, another godfather of institutionalism, interpreted Max Weber so as to ignore his debt to Nietzsche in favour of a more straightforward, almost Hegelian reading: W. Hennis, Max Weber: Essays in Reconstruction, trans. K. Tribe (London: Allen & Unwin, 1988); and F. Tenbruck, "The Problem of Thematic Unity in the Work of Max Weber", British Journal of Sociology 31 (1980), 316-351.

²⁴ Of course, New Labour's eclecticism means its policies also reflect other webs of belief: welfare to work, for example, not only gets the unemployed to network, it also cuts welfare bills and uses coercion to lower wage levels in a way neoliberals might recognise as their own.

²⁵ Blair, New Britain, p. 300.

²⁶ Compare Granovetter, "Economic Action"; Perri 6, "Neo-Durkheimian"; and Blair, New Britain.

²⁷ C. Hay, The Political Economy of New Labour: Labouring Under False Pretences (Manchester: Manchester University Press, 1999); A. Hozic, "Markets, Networks, Hierarchies: The New Institutionalism in Theory and Practice", unpublished paper; and Schwartz, "Down the Wrong Path".

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- ²⁸ M. Bevir, “New Labour: A Study in Ideology”, British Journal of Politics and International Relations 3 (2000), 277-301.
- ²⁹ P. Mandelson & R. Liddle, The Blair Revolution (London: Faber & Faber, 1996), p. 27.
- ³⁰ Contrast Hay, Political Economy; and Hozic, “Markets, Networks, Hierarchies”.
- ³¹ Perri 6, Escaping Poverty: From Safety Nets to Networks of Opportunity (London: Demos, 1997). Compare M. Granovetter, Getting a Job: A Study of Contracts and Careers (Cambridge, MA: Harvard University Press, 1974); and M. Granovetter, “The Sociological and Economic Approaches to Labor Market Analysis: A Social Structural View”, in G. Farkas & P. England, eds., Industries, Firms and Jobs: Sociological and Economic Approaches (New York: Plenum Press, 1988).
- ³² D. Clark, speech, “The Civil Service and the New Government”, London, 17 June 1997.
- ³³ Cm 4176, Our Competitive Future, p. 12.
- ³⁴ Wilson’s reputation has improved noticeably alongside the Labour Party’s rejection of demand-management in favour of intervening in the supply-side to promote knowledge and technology. See R. Coopey, S. Fielding, & N. Tiratsoo, eds., The Wilson Governments, 1964-1970 (London: Pinter, 1993); and B. Pimlott, Harold Wilson (London: Harper Collins, 1992).
- ³⁵ C. Leadbeater, Living on Thin Air (Harmondsworth: Penguin, 1999).
- ³⁶ G. Mulgan, Connexity (London: Jonathon Cape, 1997).
- ³⁷ For the link between sociological institutionalism and institutional economics see especially M. Granovetter & R. Swedberg, eds., The Sociology of Economic Life (Boulder, CO: Westview Press, 1992).

³⁸ Blair, “A Stakeholder Society”; and also T. Blair, speech, “The Stakeholder Economy”, Derby, 18th January 1996; T. Blair, speech, “Faith in the City - Ten Years On”, London, 29th January 1996; and T. Blair, speech, “John Smith Memorial Lecture”, London, 7th February 1996.

³⁹ T. Blair, The Third Way: New Politics for the New Century, Fabian Pamphlet no. 588 (London: Fabian Society, 1998); and also T. Blair, speech, “Facing the Modern Challenge: The Third Way in Britain and South Africa”, Cape Town, 8th January 1999; T. Blair, speech, “To the IPPR”, London, 14th January 1999; and T. Blair, “Third Way, Phase Two”, Prospect, 10-14 March 2001.

⁴⁰ Cm 4011, Modern Public Services for Britain: Investing in Reform (London: Stationery Office, 1998).

⁴¹ F. Field, Reforming Welfare (London: Social Markets Foundation, 1997), 78-80.

⁴² Blair, New Britain, 302.

⁴³ Cm 3805, New Ambitions for Our Country: A New Contract for Welfare (London: Stationery Office, 1998), p. v.

⁴⁴ Cm 4076, Steering a Course for Lasting Prosperity (London: Stationery Office, 1998), p. 61.

⁴⁵ Cm 3805, New Ambitions, p. 25.

⁴⁶ Cabinet Office, Service First, www.servicefirst.gov.uk/sfirst/bk12toc.html, 1 October 1998.

⁴⁷ Cabinet Office, Better Quality Services, www.open.gov.uk/co/quality/qualmenu.html, 1 October 1998.

⁴⁸ Blair, New Britain, p. 292.

⁴⁹ Cm 4176, Our Competitive Future, p. 7.

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- ⁵⁰ Leadbeater, Living on Thin Air; C. Leadbeater, Britain: The California of Europe? (London: Demos, 1999); and, for the extension of his vision to the European Union, C. Leadbeater, Europe's New Economy (London: Centre for European Reform, 1999).
- ⁵¹ Cited in J. Heastfield, "Brand New Britain", LM Magazine, November 1997. Also see M. Leonard, Britain: Renewing Our Identity (London: Demos, 1997).
- ⁵² C. Leadbeater & G. Mulgan, Mistakeholding: Whatever Happened to Labour's Big Idea? (London: Demos, 1996); and G. Stoker, "The Three Projects of New Labour", Renewal 8 (2000), 7-15.
- ⁵³ The Observer, 31 May 1998.
- ⁵⁴ Perri 6, Holistic Government (London: Demos, 1997); and Perri 6, D. Leat, K. Seltzer, & G. Stoker, Governing in the Round: Strategies for Holistic Government (London: Demos, 1999).
- ⁵⁵ The Foreign Policy Centre, Mission Centre, <http://www/fpc.org.uk/mission>.
- ⁵⁶ Ibid.
- ⁵⁷ Cm 4310, Modernising Government (London: Stationery Office, 1999), p. 24
- ⁵⁸ J. Pierre & G. Stoker, "Towards Multi-Level Governance", in P. Dunleavy, A. Gamble, & I. Holliday, eds., Developments in British Politics 6 (Basingstoke: Macmillan, 2000).
- ⁵⁹ Rhodes, Understanding Governance, pp. 17-19.
- ⁶⁰ The many attempts to strengthen No. 10 are discussed by P. Hennessey, "The Blair Style of Government", Government and Opposition 33 (1998), 3-20.
- ⁶¹ Cm 4310, Modernising Government, p. 56.
- ⁶² Ibid., p. 6.

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- ⁶³ Cm 4045, Bringing Britain Together: A National Strategy for Neighbourhood Renewal (London: Stationery Office, 1998).
- ⁶⁴ Department for Education and Employment, Action Teams, www.dfes.gov.uk/actionteams/what.cfm, 6 January 2001.
- ⁶⁵ Cm 3807, The New National Health Service: Modern, Dependable (London: Stationery Office, 1997), p. 45.
- ⁶⁶ For an overview see W. Kickert, E-H. Klijn, & J. Koppenjan, "Managing Networks in the Public Sector: Findings and Reflections", in W. Kickert, E-H. Klijn, & J. Koppenjan, eds., Managing Complex Networks: Strategies for the Public Sector (London: Sage, 1998).
- ⁶⁷ Stoker, "Urban Political Science", pp. 98-104.
- ⁶⁸ G. Mulgan & Perri 6, "The Local is Coming Home: Decentralisation by Degrees", Demos Quarterly 9 (1996), 3-7.
- ⁶⁹ V. Lowndes, "Rebuilding Trust in Central/Local Relations: Policy or Passion?", in L. Pratchett, ed., Renewing Local Democracy (London: Frank Cass, 2000).
- ⁷⁰ Department of Education and Employment, Action Teams.
- ⁷¹ Department of Health, The New NHS, Modern and Dependable: A National Framework for Assessing Performance (London: Stationery Office, 1998); and Department of Health, A First Class Service: Quality in the New NHS (London: Stationery Office, 1999).
- ⁷² Cm 4310, Modernising Government, p. 55.
- ⁷³ Cabinet Office, Civil Service Management Code (London: HMSO, 1994), para. 101-12 & pp. cxxvi-cxxvii.

⁷⁴ Cm 2748, The Civil Service: Taking Forward Continuity and Change (London: HMSO, 1995), pp. 5-6.

⁷⁵ Cabinet Office, Ministerial Code: A Code of Conduct and Guidance on Procedures for Ministers (London: Cabinet Office, 1997), 21 para. 56.

⁷⁶ *Ibid.*, p. 13.

⁷⁷ Compare Perri 6, Holistic Government.

⁷⁸ Compare C. Leadbeater, The Rise of the Social Entrepreneur (London: Demos, 1997); and C. Leadbeater & S. Goss, Civic Entrepreneurship (London: Demos, 1998).

⁷⁹ Perri 6 et. al., Governing in the Round

⁸⁰ Perri 6, Holistic Government.

⁸¹ The marginalisation of meanings, contingency, and agency surely derives from the institutionalists, often avowed, commitment to “structural” analysis as opposed to historical narratives. See Granovetter, “Sociological and Economic Approaches”; and P. DiMaggio, “Structural Analysis of Organizational Fields”, in B. Staw & L. Cummings, eds., Research in Organizational Behaviour, vol. 8 (Greenwich, CT: JAI Press, 1986).