Citizenship, civil society and governance

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Context

This paper represents a preliminary attempt to assess recent developments in the structuring of relationships across the public, market and third sectors and between the state and citizens, both collectively and through civil society. We have chosen to do so by identifying and examining a number of different paradigms and assessing their significance for the dynamics of these relationships. The experience we have drawn upon is primarily “Anglo-Saxon”; but we would argue that there is good evidence to show that the impact of many of the developments we have explored also have resonance in continental Europe (the experience of privatisation being the most obvious example).

The UK’s intermediate position between the US and continental Europe, open to influences from both and with overlapping loyalties, also makes it in many senses a highly appropriate laboratory for an exploration of this kind. Tony Giddens, one of the chief architects of the Labour government’s Third Way, has argued that ‘Britain could become a sparking point for creative interaction between the US and continental Europe’ (1998: viii).

The Third Way, the often derided ‘attempt to transcend both old-style social democracy and neo-liberalism’ (Giddens 1998: 28) also provides us with our starting point. A new paradigm in public policy has emerged in the UK since the election of the New Labour government in 1997. Most of the new programmes that have been introduced fall under this broad heading and represent an attempt to avoid the perceived excesses of both the state and the market and to introduce a significant element of third sector or citizen involvement into the design and execution of new policies. These go broader than the field of welfare, as traditionally defined: attempts in a sequence of new policies to
promote what has been termed “social inclusion” and to facilitate “civic engagement” are
now customarily described as constituting a “Civic Renewal Agenda” for government-led
public policy as a whole.

We have concluded that the term “partnership” best describes this paradigm as it has so
far developed, encompassing those factors that we have identified as being especially
significant at the present time. (These are summarised in the diagram incorporated in the
paper). We are aware that this term is a slack one, already contaminated by overuse and
burdened by imprecision; and that its significance also depends on the lens employed.

We have set this new paradigm alongside earlier ones, because we believe that the full
significance of the new developments we are examining can only be assessed if the
historical dynamic of the processes through which they evolved is understood. We have
also chosen to stress throughout our analysis the political rather than the economic
aspects of the relationships that we have identified as especially significant at different
stages. We are well aware that there are other perspectives that could amplify or amend
the patterns that we observe and produce a different set of outcomes. We look forward to
the opportunity of discussing them at the workshop.

**Background**

The rapid development of the role of the state in the twentieth century took a variety of
forms across Europe, generally underpinned by an emphasis on the rights of citizenship,
and the state’s unique position as guarantor of such rights (Ashford 1986). This process
was especially evident in the field of welfare, where new institutions were organised on
the basis of bureau-rational models of behaviour and production on the one hand and the
growth of professional authority on the other. The rapid expansion of the welfare state
was fuelled by the growth of the welfare professions and the application of professional
values (Perkin 1996). There was a systematic attempt to combine rational-legal processes
based on legally defined entitlements and universal rules, with professional systems,
based on needs assessment and professional authority in areas where rules were difficult
to apply. In this model the citizen was seen as a largely passive consumer of welfare and the third sector played a complementary, ‘gap-filling’ role. Societal interests were taken into account through corporatist structures, which negotiated a settlement between labour through the trade unions, industry and the state, although the scope of influence within these structures varied between countries. The general assumption was that larger units were likely to be the most efficient as means of delivery, meeting the widest range of needs and securing economies of scale.

The expectation within this model was that elites - politicians, bureaucrats and professionals - were all mandated to act in the public interest (Lane 1993). However, over the post-war period there has been steadily growing criticism of the assumptions behind this model. The New Right critique of this aspect of the post-war settlement saw it as inefficient, dominated by providers and unresponsive to consumer needs and preferences. Public servants were seen as complicit in this process, “bureaushaping” to promote their own personal and professional interests (Niskanen 1973). Politicians, whose role should be to control this behaviour have been prevented from doing do by typical “principal-agent” problems, such as opportunistic behaviour, moral hazard and asymmetry of information (Williamson 1986).

These critical views have in turn themselves been criticised by those who see them as based on restricted premises – a view of individuals as invariably able to exercise informed choice and of institutions as monolithic and not susceptible to influence through the political process (Dunleavy 1991; Self 1993).

The way in which the role of the state had developed was also vulnerable to other criticisms:

- Insufficiency – the idea that the state could guarantee the universal provision of welfare was increasingly exposed as a fiscal illusion, especially with growing citizen expectations on the one hand and the rising costs of welfare associated with technical advance and increasing demand on the other;
• Inequity – the middle classes were seen to be the main beneficiaries of state welfare, both as providers and consumers (Le Grand 1982), and it was similarly vulnerable to capture by particular pressure or interest groups.

• Institutional failure: simply, the clear evidence that the large structures created over the postwar period had failed to deliver an efficient service in the form that citizens wished to receive it (Wildavsky 1979).

• Absence of choice – with the advance of market models of welfare (see below), the welfare state was seen as insensitive to special needs or the diversity of preferences.

• Loss of accountability – if its institutional failure and provider bias led to absence of choice for the consumer, its increased scale and professionalisation also made it impervious to democratic accountability.

The emergence of a new economic order set a new context for the public domain. In brief summary, the international economic crisis set off by the oil price rise of 1973 precipitated a recession, which generated high rates of unemployment, and widespread deindustrialisation. Subsequent responses to the crisis involved a wide measure of economic restructuring, with the introduction of flexible forms of production and labour, market segmentation and increasing proportions of low paid immigrants and women in the labour force. It also saw the growth of a system of international finance ‘increasingly indifferent to the constraints of time or space’. As a result, more plural forms of society have begun to emerge, with differentiated lifestyles but ‘deeper structures of disadvantage’ – by class, race, gender: social polarisation and a ‘more assertive style of politics’ (Ranson and Stewart 1994: 7).

In consequence, from the 1970s onwards, the welfare state was caught in a pincer movement, between the development of an aggressive New Right agenda with its commitment to market models of welfare, on the one hand, and the rise of new advocacy groups, based around single issues (the environment) or communities of interest (the women’s movement, the civil rights movement) and crossing traditional class divides on the other. (See, for example, discussions of the new social movements in Melucci, 1988). The former were committed to the withdrawal of the state to a minimal role; the latter did
not seek to dismantle the state, but to change significantly the way in which welfare was
distributed and rights could be asserted.

From being a very junior partner in a government dominated system (Owen, 1964), other
prospective roles emerged for third sector organisations – becoming competitors in the
welfare market, on the one hand or taking on a watchdog role on the other, providing
advocacy for individual citizens and mounting collective campaigns. So ‘the service
delivery function of the traditional voluntary body was sustained, supplementing public
sector provision, but the most significant development in the UK voluntary sector came
with the recognition of functions properly seen as being unique to it – those of mutual
aid, the independent provision of information and advice and critical pressure group
activities’ (Brenton 1985).

An alternative emphasis, sometimes labelled as “welfare pluralism”, laid special stress in
the context of the third sector’s greater role in service delivery to the development of a

Thus, in response to the growing critique of state welfare, a number of rival paradigms
emerged, each envisaging a different settlement between state and citizen, and between
state and the third sector. Initial attempts at reform operated within the context of the
state as the logical centre of the system and therefore also as prime mover of the reform
process. Others functioned on the opposite premise: the state was seen as the locus of the
problem, not the solution.

**Alternative paradigms**

**Privatisation**

In this model, the presenting problem was seen as the intrinsic inefficiency of all public
sector institutions and their capture by provider interests. The assumption was that the
state was beyond redemption as a deliverer of services (Letwin 1988) and the promoters
of this model sought the nearest approximation they could find to market disciplines and the delivery of services to customers on a competitive footing. The role for the state was to protect the individual against infringement of their freedom in the private sphere and to guarantee the free operation of the market rather than to encourage democratic debate and deliberation to establish norms and strategies in the public sphere (Hewlett 2000).

In this model, the citizen was first and foremost a private individual, whose freedom had to be protected, and secondly a customer. However, citizen rights were to be balanced by responsibilities (in the UK, the idea was promoted of an “active citizen”, who did not leave to the state the responsibility of seeing to their own welfare or indeed that of their neighbours). Democratic accountability was seen as at best irrelevant, at worst, as interfering with the neutral and rational operation of the market – a reproach often levelled at elected local government. Politicians associated with this position rejected what was seen as a ‘soft-centred vision of the world, in which the collective interest dominated those of individuals’ (Hurd 1988).

The third sector was seen as an attractive means of outsourcing (or “dumping”) state functions and thereby hastening its exit. Thereafter it was seen as compensating for market failure explicitly through charitable (often preferably faith-based) activity. It was also offered a role in the welfare market, but in competition with the private sector on a strictly level playing field. Interest groups were dismissed by a key member of the Thatcher administration as ‘strangling serpents’ – or else as ineffectual ‘crickets in a field’. The preferred image was one of communal action based on the loyalty individuals naturally feel towards ‘small platoons’ (a concept originally derived from Edmund Burke, but much employed by Conservative ministers). The third sector in the broader sense was understood as an economic actor within a non-profit paradigm. Key challenges for the sector were and remain the need to remain competitive, while offering a distinctive contribution; and confronting problems of underinvestment and sustainability.
Decentralisation

Seen initially as an approach to administrative reform, this model represented an attempt to tackle the size and scale of state welfare, seeing the problem as the remoteness of state services rather than an intrinsic failure of the state. Initially a response to the increased marginalisation of and public dissatisfaction with local public services, it sought to decentralise the administration of services to a more local level, but as it developed it was also seen as a vehicle for the empowerment of citizens and communities, through the devolution of both decision making and delivery.

In this model, the citizen was to be empowered as a participant in local decision making and as a consumer of more locally managed, and thus more responsive, services. The third sector was seen as a crucial vehicle for citizen participation and as a means to reanimate democracy from the bottom up. However, there was a tendency in this discourse to distinguish rather simplistically between the large national service providers and smaller, community based membership organisations, in keeping with a communitarian ideology. Key challenges for the sector were its capacity to contribute to devolved methods of decision making and service delivery and the legitimacy of its organisations in making this contribution.

The new institutionalism

The original starting point for this model lay in attempts to address the chronic ineffectiveness of traditional bureaucratic methods, through promoting more rational forms of decision taking and implementation, of which planned programming and budgeting systems (PPBS) were the original manifestation. State institutions could be reanimated through structural reform. Its promoters believed that the way to arrive at more rational decision making was through policy analysis, strategic planning and coordination. In its initial form, this approach was subject to a number of basic criticisms of which Marris and Rein’s *Dilemmas of Social Reform* (1967) is the prototype: that it underplays the ‘intransigent autonomy of public and private agencies, at any level of
government’; the difficulty of developing a rational process of reform which is thoroughly and carefully planned while meeting the needs of both politicians and residents for quick returns and accommodating the twists and turns of the real world. Nevertheless, a variant of this approach was commonly adopted across local government in the UK and subsequently imported into central government under the banner of ‘rational planning’ – often criticised as a device to mask the power of the technocrats. (Healey 1997). In this model, citizens are seen as merely voters (although occasionally engaged in consultation). The third sector is an appendage – a potential adjunct to administrative reform or a source of critical feedback. The challenges for the third sector in this model have been to learn the jargon and adapt to the terms set by the rational planners, but also to resist the abuse of professional power, support citizens as stakeholders and equip them to negotiate the system effectively.

The new public management

This model emerged as a hybrid – an attempt to graft private sector procedures on to public sector activities. The state remains firmly in control of welfare, but through what in the US might be called third party government or ‘steering, not rowing’ (Osborne and Gaebler 1992). The public sector retains ultimate responsibility for delivery through contracting, but subject to the introduction of techniques of business management, with an emphasis on efficiency and an associated superstructure of performance management and audit. Thus, as professional decision making is decentralised, the centre keeps control through a new regime of regulation and quality control (Hambleton et al., 1997). Professionals are drawn into management at different levels - the medical consultant in the National Health Service turned into a manager, the social worker reborn as care manager. But as service delivery is separated from planning and management, a new set of professions have gained ascendancy in the public sector - the auditor, the accountant, the legal advisor, the contract manager.

The preference for market mechanisms and the introduction of competition into the public sector is carried over from the privatisation paradigm, although with more of an
emphasis on quality (“best value”) alongside price and efficiency. Choice, too, has been a central issue and the New Public Management brought with it reforms in central government designed to make officials more conscious of the interests of their “customers” (the so-called ‘Citizen’s Charter’ movement). This process has had its parallels in most public management systems in developed countries (vide the OECD’s PUMA programme).

In this model the citizen remains a consumer, with a particular emphasis on consumer rights but with strong encouragement to become as active as possible in exercising them. The third sector in this model is a service provider but subject to a rigorous system of audit and control. Generally, the introduction of the new public management has focussed attention inwards towards systems, inputs and outputs rather than on broader outcomes, turning means into ends. Programmes have been characterised by complex application, accounting and monitoring systems which are in danger of excluding all but the most well-resourced professionalised voluntary organisations.

**Partnership**

The New Labour government in the UK, which was elected in 1997 after eighteen years of Conservative neo-liberalism, has adopted the so-called Third Way as a basis for public policy, through which it has sought to combine the best of both worlds, state and market. In his keynote address to the Labour Party conference this year, the Prime Minister acknowledged the importance both of the US spirit of enterprise and the European spirit of solidarity, proposing that the UK should model itself on both (Blair 2001). Central to the third way has been a move from a ‘contract’ to a ‘partnership’ culture and from ‘government’ to ‘governance’.

The resulting paradigm, which we shall, for want of a better name, call the ‘partnership paradigm’ goes beyond engagement between the state and the other sectors to provide

1 Partnership had already gained a hold in the post-Thatcher Conservative government, but the new administration shifted it from a supporting role to centre stage.
public services and implement policy. The commitment to governance, rather than government, has ushered in a new multi-sectoral approach to policy development. As such, it can be seen as a reaction to the failures of the preceding paradigms. Nonetheless, it also has incorporated those aspects of each preceding paradigm that the in-coming administration has judged to have been most successful. The government has prided itself on taking a non-ideological approach and being concerned only with “what works”. From privatisation, it has kept a commitment to markets and competition, but moved away from the “survival of the fittest” regime associated with compulsory competitive tendering. From decentralisation, however, it therefore borrowed the ideas of devolution and citizen participation. It expanded from the new institutionalism, adopting a more consultative approach to inform what nonetheless remained as a “rational” scientific approach, with its emphasis on “evidence-based” policy and a “best value” regime for service delivery. From the new public management it has kept an emphasis on performance management and the role of the consumer. In all these ways, government has sought to co-opt a range of agencies around a common agenda. But it has also inherited the contradictions within and between these earlier paradigms: we shall return to this later in the paper.

The Third Way does not go so far as to embrace the “associational democracy” advocated by Hirst (1994) in the UK and Cohen and Rogers (1992) in the US, but it does recognise that the citizen body needs to be engaged in a more positive way in policy setting and development, both as individuals and through third sector bodies. Within this model, therefore, the citizen is a potential partner – the UK government is particularly keen to get “communities” involved in the design and implementation of new programmes to address social exclusion. The third sector is also a partner, but alongside, rather than as the channel for, the “community” - as government’s adoption of a new terminology for what used to be called the voluntary sector demonstrates. This is now habitually referred to in official discourse as the “voluntary and community sector(s)” (VCS). Nonetheless, the third sector has been given a high profile in this new ideology, as a way of citizens exercising their responsibility, as a way of offering choice and responsiveness in public
services and as a way of fostering community renewal and development (Giddens, 1998; 2000).

[Insert diagram around here]

The diagram above encapsulates our argument so far by setting out in summary form the range of roles and responsibilities attributed within each paradigm to the key actors - state, citizens, third sector –and briefly identifying the challenges that each throws up for third sector organisations.

In the second half of the paper we concentrate explicitly on the paradigm we have labelled as “partnership”, describing the form that the emerging agenda based upon it has taken in the UK, the context within which this agenda has developed and the challenges that it poses for citizens and for the third sector, especially in relation to its role in the policy process.

The agenda for partnership

The partnership agenda as it is being defined in the UK echoes world-wide calls for participation and closer relationships between agencies across the different sectors that is being heard round the globe. In the same way that the World Bank demanded structural adjustment in the 1990s, it is now requiring as a condition of debt relief that evidence is provided to show that poor communities are fully involved in new programmes.

This agenda has emerged from a growing realisation that reform of the machinery of government raises issues that are more fundamental than costs or efficiency in delivery. Other factors include:

- Legitimacy in the face of an increasing democratic deficit (the steadily falling proportion of electors voting);
• The need for more effective management of risk;
• The growth of social and economic polarisation, which poses a threat to the more comfortably off as well as the range of problems associated with social exclusion.;
• Quality – as seen in the new Best Value regime, which reflects a recognition that “value” encapsulates more than simply cost efficiency.

Passey et al. (2000) describe the emergence of a ‘shared risk’ model, where government is seeking to forge a new social contract between individual and state and to a degree between the individual and the market. This is based on a balancing of responsibilities and rights and a more plural welfare mix, which acknowledges that government can no longer strive for a universal guarantee of welfare provision. As we have seen, however, this is not just about a changing settlement in relation to service delivery; it is also about a changing settlement in relation to the structures and purposes of governance.

**Citizens and the new Partnership Agenda**

The roles assigned to citizens within the new agenda are diverse and often lack clear definition. Perhaps not surprisingly in a the UK, whose citizens are in practice only subjects, there is some confusion over the use of the term - for example, in a tendency to blur concepts of citizenship with volunteering on the one hand and consumerism on the other. Thus citizens are allowed rights but expected to reciprocate through exercising responsibilities - the notion of active citizenship has been resurrected with a strong emphasis on volunteering and giving.

However, there are some windows of opportunity now opening up that may help to promote more positive roles. Citizens are to participate, even to be at the heart of some new initiatives based on voluntary participation (though always subject to criteria and rules of engagement firmly dictated from above). Thus Gordon Brown, Chancellor of the Exchequer and responsible for the public finances throughout the whole of Labour’s term of office to date, has proclaimed of a major new initiative for under fives that:
‘Instead of the state – local or national – running these programmes, these can be run by volunteers, charities, and community organisations. Indeed, we should be prepared to pass over the responsibility for services in these geographical areas to the voluntary partnership’.

(Brown 2000).

The rise of the social entrepreneur, with the active encouragement of the state, foresees a role for citizens in driving forward consumer led solutions to welfare problems. However, the emphasis here is very much on the individual – and often charismatic – entrepreneur as an individual, rather than collective activity and the interest in a social economy (based on US examples as much as those closer to home in Europe) is only gradually being matched by policies for social investment. At the same time, alternative forms of ‘deliberative’ democracy are being developed, using inter alia market research techniques like focus groups to supplement or perhaps even eventually to replace representative democracy.

**New Roles (and Status) for the Third Sector**

Against this background, third sector bodies are seen in three major guises:

- as vehicles for the development of social capital – the new ‘magic ingredient’ of welfare, promoter of harmonious co-existence and (by some sleight of hand) the handmaiden of the trust that underpins good governance and makes democracy work;
- as potential co-producers rather than agents of welfare delivery, with a particular contribution to make to the development of new forms of social enterprise and investment (or perhaps still as a cheap alternative) and with an expertise that needs to be drawn into service design and quality assurance;
- as channels for active citizenship – inevitably volunteering, but also for the engagement of service users and citizen participation, and particularly as vehicles for the engagement of those who are socially, politically and economically most excluded.
This is accompanied by a new discourse employing a new vocabulary—of social capital, social enterprise and civil—or ‘civic’ society— the term introduced by Gordon Brown, who is seeking to use his office to promote more active involvement of citizens through the creation of a ‘giving culture’.

This is not third party government. The third sector is invited into decision making alongside other key players, both to work with government in developing innovative welfare solutions and to develop forms of governance that create synergy between all sectors. Recent examples in UK include the creation of the New Deal schemes for the unemployed; the development of the strategy for addressing social exclusion and in particular the scheme established to co-ordinate action at the local level - the National Strategy for Neighbourhood Renewal and the local strategic partnerships (LSPs) associated with it (see below). However, as we shall see, there are some who argue that in partnerships, third sector organisations will lose their distinctive voice and their freedom to criticise.

As a general basis for proceeding in collaboration, the government and the third sector have concluded a compact – initially negotiated in England, but the principle has now been extended to produce similar agreements covering other countries of the UK and some local areas. The compact, which is supported by codes of practice, sets out agreed principles intended to govern the relationships that this system requires and to create a more equitable, trusting relationship. But there are tensions here too, between combining service delivery under contract with a more active and, in theory, ‘equal’ role in decision making.

The compact negotiators have been sensitive to these issues and have tried to avoid the problems associated with the crasser versions of subsidiarity by setting out detailed safeguards for the participants in the supporting codes and putting stress on retaining the right to criticise. At local level, the main problem increasingly looks as if it will be the operation of the ‘iron hand’ of the audit culture (see below).
‘Sur le Terrain’: ambiguities in the local arena

To understand the prospects for citizens and third sector organisations within the new paradigm, it is necessary to look at the prospects for its main partner in implementation – local government. Local government in the UK is essentially a creature of central government and much less powerful than its European or indeed US equivalents. For example, it raises only 20% of its own income; the rest comes hedged around with restrictions imposed by its central government funders. The Conservative government was not interested in the development of new roles for local government and high hopes when the New Labour government came into office in 1997 soon proved to be misplaced: in consequence, there are questions being raised across the political spectrum about its future. (A new government White Paper on this subject is about to be published as we write).

Elected local authorities in the UK therefore now find themselves in an ambivalent and exposed position. They have been equipped with some new resources and powers by the Labour Government but also given responsibility for managing a new form of “community governance”. The implementation of this mandate is conditional upon working together with other actors in the private and third sectors. In effect, local authorities are being squeezed from above, from alongside and now potentially from below.

From above, local government is subject to increasing central control over the content and execution of policies. That this matters to third sector players is evidenced by the concern expressed in recent research by one of the authors, where considerable anxiety was expressed about how the centralisation of power was eroding the capacity of third sector organisations to influence policy at local level.

At the same time, a new tier of government has been introduced, with devolution of responsibility for the bulk of social policy to Scotland and Wales and regional assemblies
and development agencies coming into being in England and operating alongside central government’s regional offices. While there are direct elections to the Scottish Parliament and the Welsh Assembly, there is a democratic deficit at the regional level in England, where the consultative assemblies that have been created are not elected and the development agencies are not accountable to them.

From alongside, the development of local strategic partnerships (LSPs) mentioned above represents an important stage in the move from government to governance. Originally part of the National Strategy for Neighbourhood Renewal, their scope has now been widened. Local authorities are expected to facilitate but not to control these partnerships and the longer-term implications of this new local institution have yet to be seen. Local strategic partnerships have to be accredited by government regional offices – one of whose concerns will be the extent to which they have involved third sector organisations effectively. Funding has been made available directly to the voluntary and community sectors at local level to facilitate their involvement through supporting their infrastructure.

From below, the National Strategy for Neighbourhood Renewal has also introduced the idea of neighbourhood management, which seeks to improve local services in disadvantaged areas by devolving responsibility down to neighbourhoods and potentially by devolving budgets and governance (the decentralisation agenda). While the question of control is left open, the emphasis on communities being ‘at the heart of neighbourhood renewal’ opens the door to new forms of localised governance feeding directly into the LSP and through this to government regional offices. Although there was no commitment in the Action Plan to the idea of multi-sector neighbourhood boards, some see this devolution as a way of developing a new tier of local governance below local authority level, which can re-engage communities with the political process and reinvigorate democracy. While this development is mainly focussed on disadvantaged
urban areas, it has the potential to replicate the system of town and parish councils that applies in some parts of the country\textsuperscript{2} and devolve more powers to this level.

**Partnership, Democracy and Citizenship**

We argued earlier that in combining the ‘best bits’ of earlier paradigms, the partnership paradigm inherited also the contradictions between them. There are, in any case, a number of inherent tensions in the implementation of any partnership strategy. Both the partnership paradigm and its godparent - the Third Way – have been criticised for underplaying these tensions. The first of these tensions centres around risk and how this is handled: there is a tension between accountability for public money on the one hand and the flexibility and risk required if new solutions are to be devised to entrenched problems on the other. This is heightened by the persistence in the partnership paradigm of the performance management elements of the new public management and the audit culture that this has engendered. A second related tension is that between the belief in rational and efficient decision-making inherited from the new institutionalism and the open-ended co-evolutionary processes that some believe are required to develop effective and egalitarian partnerships in policy areas where solutions are unknown (Pratt *et al.* 1998). The partnership paradigm is ‘tight-loose’ in approach, but there is considerable scope for disagreement over what should be tight and what should be loose.

A third tension is that between the common good and the need to acknowledge diversity. Martin Rein has argued that ‘the future of the welfare state is the invention of institutions that are not public nor private’ (1989, p. 70). One radical scenario suggests that the partnership agenda is opening up a new ‘third space’ between government and the other two sectors, which could be seen as transforming the local democratic process and providing the major arena for policy generation at local level which will reflect different interests more effectively. However, there are questions about the way in which new

\textsuperscript{2} The UK already has provision for town and parish councils below local authority level, which have limited powers but can put a precept on the local tax system. However, these are mainly outside the metropolitan areas which are the main centres of population.
inter-sectoral partnership organisations are being set up and legally incorporated. When organisations are neither public nor private, there is a danger that neither their provenance nor their accountability will be adequately defined. There is a complete lack of clarity about what accountabilities are owed to whom – and even who defines the agendas of partnerships and their structures and operating procedures. In this situation, by its nature, the government partner often assumes the role of referee or accountable body, determining both the agendas and the rules of the game. This of course undermines the move towards a new settlement.

There is a poverty of institutional forms that will fit the emerging concept of governance and a poverty of thinking about the challenges they need to address. Some would argue that institutionalising partnership at all is a dangerous game, creating an unconstitutional and potentially unaccountable alternative to the formal democratic system. Indeed some would argue that the new settlement undermines the distinctive contributions that the different partners and the diverse interests that they represent can make.

It is interesting to find that many partnerships are constituting themselves as companies limited by guarantee or as charities, thereby blurring the boundaries between different institutional forms further. In recent research by one of the authors, concerns have also been expressed on the one hand that a flow of talent from local government to these new partnership organisations could produce a serious gap in expertise which may affect the capacity of local government to play the enabling role that many see as its likely future. A somewhat different concern is that the recruitment or secondment of third sector staff by government at central and regional could cream off the best talent from this sector.

More fundamentally, the creation of new institutions raises important questions about the rights and responsibilities of individual citizens. For them, many of the challenges are the same as those facing the third sector as a whole: exploitation; divide and rule; particularism. The challenge for citizens is to resist the UK state’s preference for individualistic and consumerist notions of citizenship and search for common interests – to know when to combine forces and when to respect differences. Such an approach can
start citizens down the road to a sense of common purpose and engagement with the public good and be a vehicle for collective citizenship. Of course they can also be the opposite: it is important not to romanticise participation for its own sake, as some US commentators have done (Putnam 2000).

**Challenges for the Third Sector**

So what challenges does the emergence of the partnership paradigm pose for third sector organisations? First, they need to consider how to maintain their distinctive contribution in a new institutional environment. A particular concern is the importance of their role as advocates and critics – a role which tends to be ignored in economic analyses of the sector. In a recent lecture, Ralf Dahrendorf warned that the ‘seemingly mutual embrace of government and the voluntary sector’ could be a threat to the ‘weaker partner of the love affair’. He also warned that the independence that is the oxygen of charity would be stifled by the flirtation with political power represented by partnerships and compacts.

However, there are problems with this analysis. First, it makes too simple a distinction between those third sector organisations that work with the state and those which are completely independent of state resources. While one of us, in recent research with colleagues, found a clear tension between contracts for service and the role of the sector in policy advocacy and civic engagement, government funding or other relationships with the state do not inevitably lead to incorporation. That is too simple a rendering of the complexity of the relationship. The reality is that many organisations move between insider and outsider relationships. In addition, larger and more professionalised organisations can allow smaller more independent organisations to access the system without losing their independence, by providing support and training for those groups who may wish to remain outsiders. This can be achieved by provide ‘docking points’ for smaller organisations, who are thereby enabled to engage in the policy process without selling their souls.
Nonetheless, many organisations acknowledge that there is a difficult balancing act between engaging in the new opportunities and maintaining their distinctive voice. This is not helped by the plethora of new partnership organisations being created and the demands they place both on third sector organisations and their allies in the public sector, nor by the lack of investment in the infrastructure that would allow them to debate different views and ensure that the most excluded voices are heard.

The second problem is to know when to combine forces and when to respect differences. In a number of different research studies, respondents have despaired of the inability of organisations within the sector to work together and their infinite capacity to be divided and ruled. While the diversity of the sector has to be its strength, along with its ability to bring disparate voices into the policy arena, there is a need to be more sophisticated about when to agree and when to disagree and to recognise the importance of solidarity. There is a similar need to recognise and work with allies in the public sector: a common base in the same locality confronting similar issues can provide opportunities to form a united front, resisting pressures from outside.

The third is the danger of viewing the sector as somehow more democratic than the state. This is probably not what Dahrendorf is arguing, but it is inherent in some of the more utopian conceptualisations of civil society (and social capital). In recent research into the role third sector organisations play in the democratic process, for example, a significant number of respondents claim that they are ‘more democratic’ than government. But Keane (1988:7) criticises the neo-Conservative view that seeks to privilege civil society over the state and to popularise a distorted interpretation of the virtues appropriate to civil society. What civil society offers is the opportunity to bring a wide diversity of voices into the democratic process. But it is not possible to extrapolate from this to argue that the majority of organisations within it are democratic or that the sector as a whole allows citizens an equal voice. To the contrary. As Keane argues, civil society and the state are the condition of each other’s democratization. He sees the state as a device for enacting legislation, promulgating new policies, containing inevitable conflicts between particular
interests within well-defined legal limits, and preventing civil society from falling victim to new forms of inequality and tyranny (15).

Conversely, civil society has the potential to become a permanent thorn in the side of political power structures. Walzer (1987) warns against the anti-political tendencies that commonly accompany the celebration of civil society. But he sees scope for a critical associationalism, based on:

- the decentralisation of the state so that there are more opportunities for citizens to take responsibility for (some of) its activities (echoing and expanding on the earlier decentralisation paradigm);
- the socialisation of the economy so that there is a greater diversity of market agents, communal as well as private.

Such a view builds on the strengths of some of the new partnership opportunities in the UK, but also on the social economy models developed elsewhere in Europe. It depends both on the capacity of the sector to define and maintain a distinctive role and make its new found profile count and thus to leave behind the safe haven in victimhood to which it too often clings, and on the capacity of the state to honour its commitment to allow the sector autonomy. The English compact has established some ground rules, but as yet, has failed to penetrate sufficiently far into the structures of central government to make implementation a reality for most of the groups on the ground (Plowden 2001; Craig et al. 2002). Such a role also depends on the infrastructure that the sector fashions for itself, and the investment that the state is prepared to make in that infrastructure so that it can reach out to the most excluded populations in society.

**Challenges for research**

The partnership paradigm as it is developing in the UK presents opportunities and risks: one role for research should be to help identify the first and engage with the second. Currently research, in the UK at least, is too dependent on programmatic evaluations,
which are rarely synthesised and often depend on tick box approaches. A more thematic and conceptually grounded approach is required.

*The tensions within partnership*

Underlying the partnership paradigm and its third way godparent are a number of tensions. These are the tensions between public accountability and risk; between the public good and diversity; between representative and participatory democracy. Understanding how these can be reconciled or addressed in different contexts is crucial to our understanding of how and whether the partnership paradigm can work and how power is exercised.

*Power and control: does it inevitably lie with the state or can it be devolved or shared?*

Related to this is the need to study further the way power is distributed and exercised in partnership. Do the above tensions make it inevitable that the state is ultimately and inevitably the seat of power? Is incorporation into the state agenda inevitable or can the way the state exercises control be changed, diminished or even surrendered? Is it possible to frame the way power is distributed in partnership in a positive rather than zero sum analysis? There is a particularly strong need for cross-national research to compare the way in which power is shared or not across different political contexts (particularly those where local government itself is more empowered).

Many third sector organisations in the UK argue that although new political opportunities have opened up for them under the partnership agenda, they are only peripheral insiders (Maloney et al. 2000; Taylor, 2000; Craig et al., 2002). Studies also suggest that that the audit culture and performance management regime are introducing new forms of control in place of the old, which also exclude the less sophisticated organisations from participation in new initiatives. Further research should seek to identify more precisely how power is exercised; and ways in which excluded organisations can address and overcome these handicaps. It also needs to consider whether there are alternative ways of reconciling the tensions between accountability and risk.
Institutionalising partnership

Research is also needed to inform the institutional development of partnership. What are the strengths and weaknesses of the common structures being created; how are these being institutionalised and what are the consequences of doing so? How do formal and informal aspects of partnership interact? (It might be useful to apply game theory to this analysis).

The contribution of the third sector

- Independence and autonomy
  Research is needed to examine the potential distortions in the third sector contribution to partnership as compared with the compensating gains in new forms of development. Independence and autonomy raise a whole range of questions: on the one hand, the agency relationship persists; on the other there is a danger of co-option or isomorphism – through coercion (you lose your grant if you don’t play ball), through self-censorship, above all perhaps, through seduction into the corridors of power. Is the third sector still a channel for dissent, or does it increasingly represent the establishment? How do voluntary organisations handle the transition from opposition to partnership and the balancing act between the two?

- Representing diversity or divide and rule?
  Is civil society inevitably prey to its own divisions, as Keane suggests? Can it mediate them or does it require the state’s intervention? Soundly-based studies of experience in the field would help here in identifying when it is appropriate and effective to act in concert and when to promote difference and in establishing strategies for effective action. It is important to test the assumption, as Dahrendorf (2001) and Knight before him (1993) suggest, that there is an increasing separation of interests within the sector, between large and small, those with government funding and those without, which makes a nonsense of any coherent concept of a third sector
in today’s environment. A parallel assumption - that a service delivery role for third sector bodies is incompatible with advocacy – also needs to be tested. (There is an alternative view that the two functions are complementary and not always readily distinguished either in concept or execution).

• Equity
Civil society has also been criticised for perpetuating inequality. There is a particular need for research to consider how far special interests and individual aspirations fit into the new patterns being generated. Can third sector organisations provide an effective voice for the excluded? A ‘shared risk’ society runs the danger of pushing risk down to those who are least capable of bearing it – the most vulnerable are left with fewer and fewer safety nets. Will the third sector – in partnership with the state and business – be able to either meet or give a powerful enough voice to these demands? Does it have the skills and leadership to enable it to do so? If not, how can these been acquired?

• Social capital

How far are citizens engaged with the political process or sensitised to specific issues through collective action? Putnam has been criticised for not making it clear how social capital ‘makes democracy work’: much work is in hand here; but more is still needed, perhaps focussing on the issues around value change.
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