

Organisational innovation in public services

Four articles that seek to make the public sector less grey, less impenetrable.

By James Woudhuysen

- A kind of devolution
- Why e-procurement should take precedence over e-therapy
- The relevance of innovation in the private sector
- Where is Britain going in e-democracy ?

Organisational Innovation in public services (1): a kind of devolution

According to MORI's 'Delivery Index', more than half of UK adults *disagree* with the view that 'in the long term, this government's policies will improve the state of Britain's public services'. Since June 2001, one in three optimists on public service reform has lost confidence. The credibility of public service reform is on the line: ¹

	% agreeing that Government policies will improve...	% disagreeing
...Public services	36	54
...The economy	39	42
...Transport	27	37
...The quality of the environment	28	36
...The NHS	33	35
... 'The way your area is policed'	22	22
...The quality of education	37	22

A poll is only a poll. Still, if the public approves of Chancellor Gordon Brown's higher spending on the NHS, it doesn't believe that the government has the managerial competence to make the spending work. ²

In this context, organisational innovation (OI) in public services, the means by which New Labour's policy of public service reform is put into practice, assumes an importance that it has not had, perhaps, since the 1940s. Obviously too IT has a role to play in OI. Finally the political context for OI has changed. Since the end of the Cold War, Western elites have proved unable to quell public cynicism about politics and politicians. It is not necessary to exaggerate the success of Jean-Marie Le Pen in France, or the poor turnout in the British local elections of May 2002. But the credibility of public services reform is now so low that the political price of further failure in OI could be great. New Labour, after all, is worried enough about 'voter apathy' to pursue OI not just in the *delivery of services* (for example, through various measures of 'e-government'), but also in the *processes of democracy* – through mayors, referenda, forums, panels, postal votes and 'e-democracy'. All of these had an outing on 2 May.

Two notes on method

Most management gurus agree that IT and, more recently, biotechnology have ensured that the world is changing faster than ever before. Most also agree that structural, economic 'drivers' determine superstructural, political phenomena. But while technological change continues to be disruptive in some areas, today's may not compare with the cumulative, multi-industry innovations that characterised the period 1850-1950.

There is a second point worth noting. While economics and technology play their part in the future, 'politics' determine the fate of both, and also of OI. As the King's Fund and others have noted, if public expectations about the NHS continue to rise even faster than expenditure on it, the NHS is unlikely to fulfil our hopes. To this I would add: if a culture of risk aversion and fear persists, it will distort the shape and direction of OI, and thwart its potential to bring about real achievements.

¹ See <http://www.mori.com/polls/2002/delivery.shtml>

² See 'Brown's costly cure', editorial, *Financial Times*, 3 April 2002.

A kind of devolution

Leadbetter has argued that the need in public services is to overthrow the top-down IBM mainframe approach with the bottom-up Apple user-friendly approach.³ But it is one-sided to see recent OI in government simply as centralisation. There is a *kind* of devolution in public services.

We live in a climate of modest risks but enormous perceived risks.⁴ As a result, the state will seek social cohesion in forms of OI that link downward, not just upward. Following Australian and Singaporean practice, for example, ukonline.gov makes a cult of the needy individual. It offers support for no fewer than 11 'life events', including the cataclysmic 'Going Away'.⁵ In the process, the state finds new points of contact with the population, and – sometimes – new points of legitimacy with it too.

The collapse of the old signposts since the end of the Cold War, and the cumulative corrosion of old certainties at the hands of global market forces, has led Britain into a culture of fear. As a result, much of OI in public services has been intended to help local people 'cope' with an apparently more fragmented, more chaotic, less controllable world. The politics of mass anxiety dictates that today's OI in public services centres more on a localist delivery of *therapy to victim* – T2V, the essence of New Labour's 'Third Way' – than it does on the genuine, nationwide improvement of old services and development of new ones.

In a great analysis of the statutory requirement for 'Best Value', Maile and Hoggett confirm this. They show that the formal, if not real, empowerment and inclusion of local people in public service OI has by no means contradicted New Labour's centralisation of local government.⁶ By 2000, Local Authorities (LAs) faced 200 central performance targets, complete with sanctions for non-compliance. Ministerial powers increased, not least to audit LAs and to tell them how to 'consult' with stakeholders. Inspectorates and 'Offices of' have centralised accountability and made Key Performance Indicators, not votes, their currency. There are league tables, and an obsession with competitive benchmarking. But alongside a neo-Taylorite effort to measure and improve costs and efficiencies, Maile and Hoggett point out, Best Value has also brought 'new wave' – we might add, New Age – management.

In rhetoric, at least, Best Value focuses OI on the inclusive, communitarian empowerment of a range of stakeholders. Aiming at effectiveness and service quality, Best Value has not served the *interests of voters*. Rather, it has driven OI in public services toward *deals and contracts* that mandate the *values, self-improvement, inclusion, participation, responsibilities and duties* of public service providers, suppliers, users, consumers and taxpayers.⁷

In a prescient critique of what he terms the therapeutic state, Chandler describes the consequences of this kind of devolutionary OI.⁸ Power, collective interests and holding representatives accountable for policy are jettisoned. Instead, mayors and executives relegate non-executive councillors to a (bogus) 'backbench' role in which they are statutorily unable to take decisions or exercise responsibilities, instead being required to be full-time social workers 'in touch' with and 'giving a voice' to the community. Above all, LAs, no less than central government, will cultivate citizens who are 'active' in terms only of individual self-expression, emotional intelligence and community feeling.⁹

³ Charles Leadbetter, *Innovate from within: an Open Letter to the new Cabinet Secretary*, Demos, April 2002. Available in summary from www.demos.co.uk/PDF/innovate.pdf

⁴ For more on this, see James Woudhuysen, 'Real risks and perceived risks' on BT Insight Interactive, 15 March 2002. See http://www.bt.com/insight-interactive/browse/ii_printout.jsp?contentOID=235661

⁵ See <http://www.ukonline.gov.uk/YourLife/YLHome/>

⁶ Stella Maile and Paul Hoggett, 'Best Value and the politics of pragmatism', *Policy & Politics*, vol 29 no 4. Drawing on other contributors to the same issue of *Policy & Politics*, Maile and Hoggett show how, in the neutral, pragmatic, ultra-managerial framework of Best Value, continuous organisational change – aka 'modernisation', joined-up government and a multi-agency, cross-cutting approach – is a self-evident, inevitable good, synonymous with progress. Local voter participation is no longer about wielding real political power; LAs become policy-free zones, where councillors merely market-research and monitor services. LA professionals have to listen to instructions from central government, while finding that local voters don't want another consultation exercise about the quality of local services. Finally, OIs such as PFI and PPP are legitimated and stripped of ideological controversy. What counts is 'what works'; the question 'what works for whom?' is never asked.

⁷ *Ibid.* In a recent move that is part of the same pattern, Tony Blair wants to introduce 'conditionality' to the welfare benefits that are granted parents of truant or anti-social children.

⁸ David Chandler, 'Active citizens and the therapeutic state: the role of democratic participation in local government reform', *Policy & Politics*, vol 29 no 1.

⁹ *Ibid.*

This, it seems to me, is what lies behind what Leadbetter rightly describes as the disease of 'initiativitis' in government. But to rid tomorrow's OI of this symptom, its cause – a therapeutic impulse that is actually quite hostile to really progressive innovation – must first be understood.

Conclusions

1. The treatment of devolution sketched out above shows that the problem with public service OI is not just the power of central government and the Treasury to impose what Leadbetter derides as the 'target-driven approach'. The problem is not just that Downing Street 'patronisingly proposes a measure of "earned" autonomy to be bestowed on some local institutions'.¹⁰ Peter Mandelson is pushing at an open door when he writes that 'top-down, micro-management from Whitehall' must now give way to 'the radical decentralisation of the British state'.¹¹ The problem is also that **local e-democracy can be no substitute for genuine, autonomously organised political contestation**. There is nothing wrong with this kind of OI. But neither government fiat nor IT can solve social exclusion. 'Stroking', therapeutic, feel-good OI in the public sector will raise public expectations to irrational heights, only to frustrate them. **OI in public services is about making choices – including the choice not to pursue the chimera of 'inclusion' through e-democracy.**
2. New Labour is disturbed about the UK population. So despite a lot of criticism of the e-envoy and Britain's performance in e-government, **HMG is actually quite advanced in OI around e-government services.**¹² Sadly, however, **HMG's electronic strengths may well lie more around Therapy to Victim – T2V – than around public procurement.**
3. In the private sector OI is more and more implemented around
 - biological models of OI
 - users and usability
 - business continuity
 - brands, especially in the eyes of employees
 - stress relief through work-life balance
 - certificates of lifelong learning
 - business ethics.

Whether these forms of OI have much to do with profitability, wealth creation and productivity is debatable. But as Henry Mintzberg anyway pointed out to America's Academy of Management as early as 1995, **citizens do not equate to consumers. Private sector OI will often have little relevance to OI in public services.**

4. What is distinctive about OI in public services should be that it is driven by
 - policy accountability and representative democracy
 - the right balance of priorities between (a) applying and building professional expertise among public servants, and (b) orientating to genuine local needs.

At present, **OI in public services has thrown the baby of professional judgement out with the bathwater of unfriendly user interfaces. OI, however, can never simply be driven by demand-side users.**

5. The public sector should not neglect productivity, even if business often does. **Knowledge management through intranets; broadband and mobile telecommunications;** what is getting known as the **semantic Web** – all of these new forms of IT **have their limits**, but all can **make a real contribution to OI in public services.**
6. The clash of ideals and interests, not IT, will build true social cohesion and citizenship. Since T2V makes for anxiety more than genuine therapy, associating public service OI and IT with therapeutic goals will serve only to delegitimize public service and IT. Instead, **what IT must do for OI in public services is take UK and EU regulatory burdens away and make processes less bureaucratic.**

¹⁰ Simon Jenkins, 'The British, as ever, need some French lessons', *The Times*, 26 April 2002.

¹¹ Peter Mandelson, 'Old demons still haunt New Labour', *Financial Times*, 2 May 2002.

¹² According to Accenture, the UK has, between 2001 and 2002, moved from 8th to 6th position in international e-government. See David R. Hunter and Vivienne Jupp, *eGovernment Leadership – Realizing the Vision*, available as a pdf from http://accenture.com/xdoc/en/industries/government/eGov_April2002_3.pdf

In future articles for Insight Interactive, I will explore each of points 2-6 in detail. Stay online !

1560ww including table, titles
10 references, including 5 web addresses

A Public Policy Forum Insight paper from BT

Organisational Innovation in public services: why e-procurement should take precedence over e-therapy

by James Woudhuysen

In April 2002 Lord Chancellor Derry Irvine published a long-delayed, 10-point report aimed at reducing divorce in Britain. In it his Advisory Group on Marriage and Relationship Support recommended that while the government should offer both husbands and wives marriage guidance over phone and Internet, men in particular might be 'more inclined to use helplines, whether for anonymity, immediate access, or other reasons'.¹ Point six of the report argued that, when faced with parental difficulties, children should be able to get official advice through the radio, television, cinema and the Internet.²

In a previous article, I argued that the politics of mass anxiety in Britain today gives a particular slant to today's Organisational Innovation (OI) in public services.³ OI centres more on the delivery of *therapy to victim* – T2V, the essence of New Labour's Third Way – than on the genuine improvement of old services and the development of new ones. The state appears very active in trying to create new points of contact with people 'at risk', and indeed with the public generally.⁴ It is much less active in applying Information Technology (IT) to deliver substantively better public services.

In this article, I want to show how, *because the Government sees IT mainly as a means to social cohesion,*

1. Britain is actually quite advanced in OI around e-government services, despite what its critics say
2. The UK public sector leads the private sector in T2V and e-therapy, even though this is a growing part of private sector practice over the Web
3. The public sector is way behind the private sector in the dull but very important discipline of Supply Chain Management.

As John Benington has perceptively argued, Tony Blair's plans for the public sector mark a real departure. They are not about having more or less of a public sector. Rather, they are about shifting the whole centre of gravity of 'government' right out and away from the private and public sectors and into 'civil society'.⁵

I believe, however, that the Government should drop touchy-feely, communitarian T2V. Instead, it should look to the hard-edged productivity and cost benefits that could come from a serious programme of e-procurement.

1 Advisory Group on Marriage and Relationship Support, *Moving Forward Together: A Proposed Strategy for Marriage and Relationship Support for 2002 and Beyond*, 16 April 2002, paragraph 7.12. Available on <http://www.lcd.gov.uk/family/agmars/mft2002.htm>

2 Ibid, paragraph 7.11.

3 *Organisational Innovation in public services: a kind of devolution*, available on <http://www.egovernment.bt.com/stepchange/ppf>

4 Point eight of *Moving Forward Together* upholds the use of health visitors to 'screen' new mothers in the postnatal period for 'relationship problems' (para 7.14). Nor is this enough. The state, we are told, should intervene not just with couples in difficulty, but with their families and friends: it should 'support the supporters' (para 7.15). In the same mould but as part of a broader innovations in the general policymaking process, the Home Office, the Treasury and seven other Whitehall departments are to appoint Children's Champions, and the Home Office is to set up a 75-strong advisory panel of 14-18 year olds. See Adam Sherwin, 'Youth get a voice as Whitehall taps into ministry of sound', *The Times*, 24 June, p4.

5 John Benington, *Knowledge generation and networked governance*, paper to the BT Public Policy Forum, 13 June 2002.

A surprisingly strong performance in e-government services

Does the UK really need to catch up with international best practice in e-Government? Obviously, New Labour's target for all parts of government to be on-line by 2005 is rather mechanical. Obviously, too, Local Authorities (LAs) hesitate to borrow good ideas from each other – a pity, since they do not directly compete. A clear mechanism ought to be in place for funding, implementing and replicating successful front-line innovation.⁶ But the real picture in UK e-government services seems to be much more innovative than critics allow.

As with the kind of devolution that Health Secretary Alan Milburn has pioneered with his Foundation Hospitals, UK innovation in e-government is not wholly cosmetic. One can disagree with the direction and goals of that innovation, and the Government itself will concede that not all its e-initiatives are going to work. But it does want to provide people with a kind of HMG Helpline that is 'always on'. It does want to provide new, universal forms of access to this. And why? Because it suspects that it confronts a nation at truant.

In some ways Britain does lag in e-government. Research done by the European Commission in Spring 2001 showed that while an average 54.6 per cent of Internet users in the EU also visit government web sites, in Britain the figure is only 50.2 per cent.⁷ In Autumn 2001, almost 60 per cent of respondents in a MORI poll of 179 officers from 62 councils said they had higher priorities than e-government, and only 78 per cent were confident their organisations would be fully on-line by 2005.⁸ In March 2002, LA web sites in Scotland, Wales and Northern Ireland were falling behind their English counterparts, and, of 463, just 10 explained how to become a councillor. Very few sites allowed the public to conduct transactions:

Percentage of UK local authority web sites with

Brochureware only	34	
'Content' (including eg search engines)		42
'Content plus' (beginnings of interaction)	22	
'Transactional' (interactive throughout)	1	

Source: Society of IT Management (2002)⁹

In April 2002 the National Audit Office (NAO) noted that only seven central government services, or three per cent of the total of 274, allowed users to apply for grants or benefits online. None collected revenue.¹⁰

Yet despite all these facts, Andrew Pinder, the Government's e-envoy, is probably right to rebut critics. Government IT projects may be no worse than private sector IT projects in terms of their failure rate.

6 Public Policy Forum, *Modernising the NHS: Enabling front-line innovation*, 8 March 2002.

7 Hans Martens, *Europe's Information Society benchmarked*, 13 September 2001, available as a pdf from www.bt.com/insight-interactive

8 Audit Commission for local authorities and the National Health Service in England and Wales, *Councils and E-government: research so far*, 2002, pp2, 7, 13, available as a pdf from <http://www.audit-commission.gov.uk/publications/egovernment.shtml>

9 Figures from Society of Information Technology Management, *Better connected 2002?*, 8 March 2002, quoted in Dan Jellinek, *E-Government Bulletin*, Issue 109, March 2002. The report is summarised on http://www.socitm.gov.uk/public/insight/benchmarking/betterconnected_2002.asp. *E-Government Bulletin* is on <http://www.headstar.com/egb/>

10 National Audit Office, *Better Public Services through e-government*, 4 April 2002, pp22-23. Available as a pdf from <http://www.nao.gov.uk/pn/01-02/0102704.htm>

Brochureware was a sensible goal for ‘early cherry-picking’; transactions are now on the agenda.¹¹

A move toward transactional ‘depth’ in public sector web sites requires serious investment, just as it does in the private sector. Yet Britain does not do badly in ‘depth’. Of a possible 100 points for everything from audio clips to links to portals, US central government sites won 57.2; Taiwan, 52.5; Australia, 50.7; Canada 49.6, and UK national government web sites 47.1, according to one survey of 2,300 sites worldwide.¹² More recently Accenture has given UK central government a ‘service maturity’ *breadth* of 93.8 per cent as against a global average of 85.8, and a service maturity *depth* of 47.4, against a global average of 45.9 (USA: 57.9).¹³

The government is pouring £350m into a programme to support councils in their efforts to meet the 100 per cent electronic service delivery target by 2005.¹⁴ The technical upgrading of and funding for UK e-government is not in doubt. What, however, is worth asking is where all this OI is bound.

11 Fiona Harvey, ‘Public services “will be online by 2005 target”’, *Financial Times*, 5 April 2002.

12 World Markets Research Centre, *Global E-Government Survey 2001*, November 2001, p7, available as a pdf from http://www.worldmarketsonline.com/e_gov_report.html

13 See David R. Hunter and Vivienne Jupp, *eGovernment Leadership – Realizing the Vision*, pp81, 83, available as a pdf from http://accenture.com/xdoc/en/industries/government/eGov_April2002_3.pdf

14 See <http://www.local-regions.dtlr.gov.uk/egov/index.htm>

An obsessive accent on T2V

One of the undisputed purposes of OI in public services is 'joined up' government. And one of the great tools in this cause is IT. Following experience in Finland, the NHS has begun to turn to 'care pathways' so to use IT to join up different health departments with each other and especially with social services departments. The Government's Social Exclusion Unit also favours the use of IT as part of a multi-agency approach to those in need.

But joined up for what? It sounds fine to define every problem faced by individuals as one that cries out for simple, convenient solutions that involve networking together, through IT, a number of different public services. Yet three examples suggests that what is on offer is the use of IT to envelop people who, if not always victims deserving therapy, are certainly people who cannot be trusted to act in a responsible fashion.

1 *The Regulation of Investigatory Powers Act*, passed two years ago. From August 2002, not just police forces, the intelligence services, customs and excise and the inland revenue will have the right to demand, without a court order, that phone companies, internet service providers and postal operators hand over detailed information on individuals and their communications. After a public outcry in June, Home Secretary David Blunkett has agreed to reconsider, over the summer, his proposal that the chief executive of every local authority in the country, as well as officials in many other government bodies besides, be granted a similar right. But in truth neither the old RIP legislation, nor the abandoned proposals, are about imposing Big Brother from on high. They speak rather of New Labour enthusiasm for, and public acquiescence to, the idea that nobody should be left, unregulated, to their own devices.

In this Panopticon, the very use of IT lets you know that you're always 'joined up' to the state. As a DTI official has said of a similar initiative – state supervision of scientific and technological research through the Export Control Bill:

'If an academic, industry, charity or anyone else is concerned that what they are doing might require an export licence, the DTI has an advice line that people can telephone to check whether or not what they propose to do requires a licence.'¹⁵

If this is the argument for it, the Export Control Bill is, like the RIP Act, as much to do with letting people know the government is close as it is to do with fighting the war against terrorism.

2 *NHS Direct*, begun in 1999. According to the Prime Minister's Office of Public Service Reform, NHS Direct is a paradigmatic example of 'Customer focus into practice'.¹⁶ In one sense it is right. NHS Direct Online, the web site that is linked to the telephone helpline, throws into sharp focus how irresponsible and in sore need of therapeutic advice the Government believes 'customers' to be.

The web site explains how to reduce no fewer than 17 kinds of risk – from that of Accidents and AIDS, through eight types of Cancer, to the risk of Depression. There is plenty on managing stress, eating for health, and the avoidance of drink, cigarettes and drugs. There are

15 Quoted in Mark Henderson, 'Anti-terror laws "will curb research"', *The Times*, 24 June 2002, p2.

16 The Prime Minister's Office of Public Service Reform, *Reforming our public services*, March 2002.

'healthy living' quizzes. For every condition, it seems, the web site of a support group can be given.¹⁷

This is as 'patient-centred' as can be (as if medicine was ever supposed not to be centred on patients). Of course, NHS Direct Online's has plenty of facile critics.¹⁸ But it is not cynical to note that its feelgood T2V agenda appears a much higher priority to government than the provision of hospital booking systems.

Airlines have for years been able to handle the complexity and security that surrounds booking seats. Lastminute.com, a much-maligned start-up, is destined for profitability ahead of schedule. Yet what the travel business can do eludes the NHS.

¹⁷ See <http://www.nhsdirect.nhs.uk>

¹⁸ See Ben Russell. 'NHS Direct calls cost taxpayer more than visits to GP', *Independent*, 17 June 2002, p5, for the beginnings of a sensible debate.

3 *Digital TV*. In a recent study of consumer use of different channels, MORI had this to say about interaction with government:

‘The telephone dominates as the preferred communication channel in this sector – only around half as many prefer face-to-face contact. This reflects most people’s experience of dealing with government services. Of the 15% of the public preferring to use electronic channels in the government sector, 9% prefer Internet and Web sites, 6% prefer e-mail, and 1% prefer WAP/Internet mobile phone....

‘The profile of potential users (especially for say benefit claimants) does not fit with the profile for those preferring electronic channels – they tend to be for those not working and from lower income groups, making the task of converting them to electronic channels more challenging.’¹⁹

Given the scale of non-use of PCs, the government’s reaction has been assiduous. Despite the costs involved, it appears extraordinarily committed to making sure that it is able to reach benefit claimants and others through digital TV. Content from the portal UKOnline is now available to BSkyB’s 5.5 million homes, and contracts with Telewest and NTL to link up the UK’s 2.2 million cable television subscribers are nearing completion.²⁰ The Department for Education and Skills and others have done the same with ChildcareLink, through which one can gain the impeccable advice ‘Sometimes you may need to fit your job around the demands of your family, especially while your children are young’.²¹ Residents in Newham, and 1,600 households in Camden, can use now digital TV to request benefits forms, find out about local facilities and report abandoned vehicles; health and education services are to follow.

By themselves, each of these measures might seem innocuous. In aggregate, however, they suggest a government obsession with electronically linking up to people, through any channel, to offer intervention into all aspects of personal life. Enthusing about digital TV, Zoltan Ivan, content director of Camden community TV station DKTV, has put well the government’s general case for IT as a means toward social cohesion:

“TV is like an altar in most people’s homes – they are used to it. But who goes out and buys a PC? Mainly middle-class white people. We strongly believe it’s the right way.”²²

In the cause of social engineering, the government appears bent on using IT – in living rooms, kiosks, everywhere – to turn welfare from Churchillian safety net to anaesthetic cocoon. In his reference to altars, Ivan highlights how, through digital TV, the government seeks an almost religious affiliation from the public.

Government is not alone in pursuing T2V. In the B2C domain, Boots runs a special web site – www.wellbeing.com – devoted to teaching the public the merits of acupuncture, herbalism, homeopathy and reflexology. In the B2E domain, BT ads ridiculing New Age management techniques have only struck a chord because of the widespread adoption, in the UK private sector, of T2V methods. Even in B2B, insecurities since 11 September 2001 have given a new, general prominence to the old slogan ‘Nobody got fired for buying IBM’.

But in its expenditures and its zeal, the government has shown itself even more committed to T2V than the private sector. From education through to work-life balance, OI in public services has a deeply emollient character.²³

19 MORI, *Multi-channel CRM Research for BT Ignite Solutions*, April 2002, pp14,15.

20 Phil Cain, ‘Boxing clever’, *E-Government Bulletin*, No 113, 2 May 2002.

21 DfES, *Becoming a working parent*, 2002, p3, available as a pdf from www.childcarelink.gov.uk.

22 Quoted in *E-Government Bulletin*, No 109, March 2002.

23 On education, see my ‘E-learning joins the class struggle’, *IT Week*, 8 March 2002. See <http://www.vnnet.com/Analysis/1129890>. On work-life balance, see my ‘Telework, work-life balance, and SMEs’ on BT Insight Interactive, 3 May 2002. See <http://www.bt.com/insight-interactive>.

A poor performance in e-procurement

Government zeal to provide T2V stands in sharp contrast to the lethargy that surrounds government e-procurement.

What has arguably been the main way in which IT has been applied in the private sector? The answer is Supply Chain Management. In the private sector, private online B2B exchanges, prefaced by a long era of Electronic Data Interchange (EDI), have made real progress. As early as 2000, the *Economist* argued that, after the private sector, government would be the location of 'the next revolution' in the Internet:

'The starting point for most e-government projects is the desire to reduce costs and make tax revenues go further. The potential for savings comes from the sheer scale of public-sector spending and from the opportunities to make internal processes more efficient. American federal, state and local procurement spending on materials and services this year will be around \$550 billion. Some big private-sector companies are now achieving annual savings in the region of 20% by putting their supply chains on the web. If government services in the United States could replicate that, they could save \$110 billion a year. In the European Union, where the member states' combined procurement spending is about euro720 billion (\$778 billion), savings could be of a similar order. As with commercial businesses, the benefits come from the way the web can slash purchasing and fulfilment cycles, lower administrative costs by up to 75% and halve stocks.'²⁴

But the next revolution has not happened. In its e-shaped diagram of how local e-government should work, the consultation document *e-gov@local* puts e-procurement bottom of the list of items under 'Transactions'.²⁵ Apparently, e-procurement has nothing to do with 'Organisational Development' – or, we may surmise, with OI. When e-procurement is referred to in the main wording, that is done once, in brackets, as part of the fourth bullet on page 22 of 77 pages.

There it is observed that

'from the citizen's standpoint, it is possible to analyse how... service delivery can be underpinned by a suite of core, e-enabled business systems (such as intranets, financials and e-procurement)....'

Yes, it is indeed possible to analyse, 'from the citizen's standpoint', how e-procurement can 'underpin service delivery'! E-procurement should, at the very least, make savings available to taxpayer and council alike. But this elementary form of OI in public services seems to escape people.²⁶

24 Matthew Symonds, 'The next revolution', *Economist* survey on Government and the Internet, 22 June 2000.

25 DETR, Local Government Association, UKonline, Local Government online, *e-gov@local: Towards a national strategy for local e-government*, April 2002, available as a pdf from <http://www.local-regions.odpm.gov.uk/consult/egov/index.htm>

26 For more evidence, see my 'Don't believe e-procurement hype', *IT Week*, 14 May 2002, available on <http://www.itweek.co.uk/Analysis/1131745>. True, the National Audit Office believes that e-government services should offer their users lower fees than those charged by non-electronic government channels. But even the NAO strikes a therapeutic note in attacking 'solemnity' and 'conservative design' in government web sites, upholding the need for state functionaries to 'communicate your core brand values', and recommending access to government Internet services at 'kiosks, libraries and other public places'. See NAO, op cit, pp43, 45 and 46.

Conclusion

It might be thought that a focus on T2V in OI for public services is peculiar to New Labour. After all, in Peter Mandelson's long list of what should be 'at the heart of the Centre Left's strategy', the first item is 'building security through strong community action'.²⁷ In a similar vein, Will Hutton defends the public sector by eliding it with the public realm – something that is very different.²⁸

In fact, however, all three political parties feel rather the same about public services. Liberal Democrat Treasury spokesperson Edward Davey calls for more 'public benefit corporations', or mutual societies run by employees and communities.²⁹ Shadow Home Secretary Oliver Letwin wants the Church and voluntary groups to work with government to intervene with children who have not been brought up properly.³⁰ Given this kind of consensus about the need for omnipresent 'support', it is hardly surprising that discussion about e-government has focused more on e-therapy than e-procurement.

Myopia about the latter seems to be part of the wider problem of government procurement – including the procurement of IT itself.³¹ Despite the billions spent on it, and the buying power that central government and aggregated local authorities have, procurement is cumbersome, slow enough for requirements to change during the procurement process itself, and often attended more by proprietary technologies than by interoperable ones. Yet despite the ripeness of government paper procurement for the introduction of electronic methods, official opinion seems unanimous that T2V, not government purchasing, should be the main direction of OI in public services. Thus *e-gov@local* sees e-democracy as about not just voting, but also facilitating the 'engagement of citizens in consultation and community planning.'³² For national projects in local e-government, it has the following priorities:³³

<i>Phase 1</i>	<i>Phase 2</i>
School admissions	Integrated health and social care records / delayed discharge
e-democracy	Consumer services / trading standards
Fire Services	Council tax / business rate valuation
Local planning services	Local planning services
	Crime reduction / youth offending
	Benefits (local pensions service / Job Centre Plus)
	Services to local businesses

Significantly, services to local businesses – for example, more efficient buying of their goods and services – form the last item in Phase 2.

It is time to change course. The public needs greater efficiency and effectiveness from government, not more stroking. Small and medium

27 Peter Mandelson, 'There's plenty of life in the "new" Third Way yet', *The Times*, 10 June 2002.

28 Will Hutton, 'For the common good', *Public Finance*, 7 June 2002. See http://www.publicfinance.co.uk/features_details.ihtml?news_id=13132

29 Edward Davey MP, *Public Sector versus Private Sector*, speech to the Royal Society of Arts, 6 June 2002.

30 See Melissa Kite, 'Victorians inspire Tories on crime', *The Times*, 20 June 2002, p13.

31 See my 'Why is government IT jinxed?', *IT Week*, 7 June 2002. See <http://www.itweek.co.uk/Analysis/1131745>

32 Op cit, p25.

33 Op cit, pp46-7.

enterprises need the same. In OI for public services, agile e-procurement should take precedence over anodyne e-therapy.

Organisational Innovation in public services: The relevance of innovation in the private sector

by James Woudhuysen

In September 2002 the TUC called for a moratorium on the Private Finance Initiative. This was much heralded as a sign of mass disenchantment, on the part of staff in public services, with New Labour in general and its innovations in the public sector in particular. Yet PFI disasters, though not always the rule, now anger private sector suppliers as much as public service trade union leaders.¹

As financial engineering, PFI stands out as the Conservative innovation in public services of which New Labour is most fond. Enormous industry, and commentary, surrounds the subject. The same is becoming true of foundation hospitals and schools. Health secretary Alan Milburn is worth quoting at length:

‘Nowhere is it more important to be bold than on public service reform. Here there is a choice. On the one hand we could choose a strategy of consolidation – accepting the reforms made so far and relying on increased public spending to deliver an expanded service, but one whose culture remains essentially unchanged. Or, as I believe we must, we could choose transformation, recognising that extra spending alone is insufficient...’

‘Tax-funded healthcare can sit side by side with decentralisation, diversity and choice. If we are to transform public services, an explicit objective of our reforms has to be encouraging greater diversity in provision and more choice in schools and hospitals.’

‘In health, this means primary care trusts having control over budgets with explicit freedom to purchase care from the most appropriate provider – public, private or voluntary. It means using spare UK private sector capacity, bringing in overseas clinical teams and encouraging new healthcare providers into the NHS. And existing NHS hospitals should be able to become NHS foundation hospitals established as not-for-profit, public interest companies with more freedom from centralised state control and greater community ownership.’

‘Patients need greater freedom to choose where and when they are treated, and resources must follow. Choice can take hold only as capacity grows. But by the next election I want patients needing operations to be able to make an informed choice about the location and the time of treatment – with information about the outcomes they can expect from different doctors. While those who favour consolidation imply that choice is neither possible nor desirable in a public service like the NHS, the experience from other tax-funded healthcare systems such as those in Denmark proves them wrong.’

‘We should never have let the Right occupy this territory.’²

Milburn’s desire to move toward choice, diversity, decentralisation and public interest corporations is shared with education secretary Estelle Morris. But though Gordon Brown and the Treasury – the forces of ‘consolidation’, in Milburn’s terms – are prepared for a £40 billion programme of state expenditure on the NHS over the next five years, they are not prepared to bear the risk of bankruptcy that attends Milburn’s local borrowing.

Despite Milburn’s opening reference to culture, it is striking how debates around innovation in public services concentrate almost exclusively on the arcane realm of finance. They rarely touch on innovation in management theory and practice. One year into Labour’s second term, it is still difficult to point to much progress in health,

1 Kim Kelly and Andrea Felstead, ‘Capita chief defends company’s role in failure to vet teachers’, *Financial Times*, 6 September 2002; Nicholas Timmins, ‘Private companies and very public failures’, *Financial Times*, 9 September 2002.

2 Alan Milburn, ‘We have to give the voters more than this’, *The Times*, 7 August 2002, p18.

education and transport.³ Yet debates still focus on the dividing line, and the bean-counting, between the private sector and the public sector.

How dull !⁴ But if that is not enough, the conflict between the private sector's demand for a profit and the public interest is 'discovered' breathlessly and repeatedly. Here is a partial table of organisations where this conflict has, after intrepid investigations, been unearthed:

<i>Clashes around privatisation/nationalisation</i>	<i>Clashes around education</i>	<i>Clashes around IT</i>
Railtrack	Individual Learning Accounts	National Insurance
London Underground	Edexcel marking of GCSE papers	Benefit payments cards
National Air Traffic Services Ltd	Criminal Records Bureau vetting of teachers	National Air Traffic Services Ltd
British Energy		Child Support Agency
		Passport Office
		Criminal Justice System

What is not so often appreciated is how many of the disputes around private/public sector financing and boundaries are driven by an interpretation of the *public interest* that sees it primarily in terms of *public safety*. It was after the Soham child murders, after all, that Estelle Morris managed to enrage both unions and Capita with her demand for paper and electronic checks, done by the Criminal Records Bureau, on all new teachers.

In previous articles, I have argued that Organisational Innovation in public services centres more on the delivery of *therapy to victim* – T2V, the essence of New Labour's Third Way – than on innovation in services and in e-procurement.⁵ Here I want to show how, *because the principles of avoiding risk, putting safety first and striving for social cohesion run deep in both private and public sectors,*

1. There is a crisis in private sector innovation which goes beyond the normal economic constraints upon it
2. Management theory and practice have dumbed down private sector innovation over the past 20 years
3. In reforming public services, the Government has tended to apply the least rational aspects of management thinking and practice
4. The growing T2V ethos of public services, which goes further than what trade unions uphold as 'public service', is reinforced by the Government's uncritical adoption of the silliest aspects of private sector practice. But the flow of influence is not all one-way. Diffused widely as it is, the therapeutic culture of public services is also a powerful impediment to innovation in the firm.

Both private and public sectors, in fact, need a much more radical and discriminating approach to innovation – IT included – than either has tried in the past two decades.

3 'Let them transform, *Sunday Times* lead editorial, 11 August 2002.

4 Between consolidation and transformation there is plenty of room for a boring compromise: 'There could perhaps be a mutual insurance scheme, or a prudential borrowing regime like the one being introduced by local authorities. Or the hospitals could be regulated like housing associations. Although the issues are complicated, both sides admit privately that the technical details can and will be agreed.' Alice Miles, 'Labour duel threatens revival of ailing NHS', *The Times*, 8 August 2002, p18.

5 *Organisational Innovation in public services: a kind of devolution* and *Organisational Innovation in public services: why e-procurement should take precedence over e-therapy*, available on <http://www.egovernment.bt.com/stepchange/ppf>.

The crisis in private sector innovation

The multinational firm cannot be *the model* for public sector innovation. But its example does have *some relevance* to public services. In most OECD countries, both pay and gross output per employee are higher among the subsidiaries of multinationals than they are among local firms.⁶ If better pay and productivity are goals for public services, innovation in the private sector is clearly worth a look.

The railroad era in the United States ushered in middle management. When Alfred Sloan divisionalised General Motors in the 1920s, it was a further signal for Organisational Innovation (OI) to become the subject of great efforts.⁷ Today, however, the relevance of private sector innovation to the public sector sort does not just lie in OI, but also in *process* and *product* innovation. With the IT-assisted delivery of private sector services, as with that of public services, it is difficult to separate the three.

There was never a golden age of private sector innovation, and real innovations – in product, process and organisation – still flourish. But in 1999, the EU's statistical agency, Eurostat, started collecting data on what it described as the main typical 'hampering factors' that surround corporate innovation in products and services today.⁸ More recently, Americans have observed that 'promoting innovation is as much about tearing down barriers as blazing trails'.⁹ But barriers and hampering factors are not the only signal a crisis of innovation in the private sector – worldwide.

Cap Gemini Ernst & Young's Centre for Business Innovation in Cambridge, Massachusetts, is bullish. It points out that US R&D spending rose at an average of 6.1% annually from 1995 through 1999, reaching \$264 billion in 2000, a 7.9% jump from 1999. It notes, too, that in 2001, companies introduced 35,000 new consumer products, up from 15,000 10 years ago. But it also observes that large business organisations find it hard to think about the future and innovate from within.

'Like many activities that involve talent and tacit learning, reconnaissance requires an inherent feel for the work and lots of practice. Not many companies can claim that inherent strength.'¹⁰

This is a damning indictment. While we are indeed surrounded by a world of new products, the classical corporation's capacity to innovate seems to be dwindling.

Mercer Management Consulting, Boston, is gloomier even than CGEY. It writes:

'Innovation has slowed in many traditional industries, resulting in products that are largely undifferentiated in performance. Think of Boeing and Airbus, Ford and General Motors, John Deere and Caterpillar. In other industries, back-and-forth jockeying occurs, as first one competitor and then another introduces a product with slightly better performance. Think of Nintendo and Sony, Intel and AMD. Product improvements aren't a source of long-term growth for any of these companies. Furthermore, in recent years, the development of entirely new products has proven to be an unreliable source of growth... Our analysis of high-tech leaders' performance

6 *Measuring Globalisation: the Role of Multinationals in OECD economies*, 2001 edition. Purchasable as a pdf for £46.40 from <http://oecdpublications.gfi-nb.com/cgi-bin/oecdbookshop.storefront>

7 Alfred Chandler, *The visible hand: The Managerial Revolution in American Business*, The Belknap Press, 1977, and *Scale and scope: the dynamics of industrial capitalism*, The Belknap Press, 1990

8 See *Community Innovation Survey 1997/8*, available as a pdf from <http://europa.eu.int/comm/eurostat/Public/datashop/print-catalogue/EN?catalogue=Eurostat&product=CA-NS-99-002--I-EN>. It is notable that Eurostat itself is not very innovative, for the figures in this survey have yet to be updated.

9 The editors, 'The innovative enterprise', *Harvard Business Review*, August 2002 special issue on the innovative enterprise, p6.

10 Christopher Meyer and Rudy Ruggles, 'Search parties', *Harvard Business Review*, August 2002.

over recent decades reveals a disturbing pattern: they experience a couple of years of spectacular market growth followed by equally spectacular collapse.¹¹

Innovative new products have, the authors write, been a succession of ‘bottle rockets’, moving up to the heavens very quickly and then falling back to earth just as quickly.

The public sector can learn from this. *The appearance of rapid innovation is not the same as the reality of innovation.* A frenzied Government, after all, did a lot that was new in both the Soham and the Foot and Mouth crises. But its innovations – nationalised vetting and slaughter, respectively – did not prove *durable*.

The difficulty corporations have in coming up with substantive innovations has recently been rationalised by the economist William Baumol, in his *The free-market innovation machine: analysing the growth miracle of capitalism*.¹² Baumol argues that capitalist competition takes place more through innovation than through prices. However, it is only to be expected that, as economies mature, multinationals try to minimise the risk that surrounds innovation by

1. outsourcing the development of the biggest innovations to entrepreneurs
2. doing deals on their intellectual property with other firms, even direct rivals.

In his apologia for the corporate practice of modest innovation, Baumol sees the more radical sort emerging from small firms. In this he is not wrong; but he again provides a lesson for public services.

No doubt some public sector innovations do and should come from small, local units. No doubt some new public sector intellectual property is and should be diffused ‘sideways’ and ‘bottom up’ rather than ‘top down’. It is easy to enthuse that locally-owned foundation hospitals and public interest corporations will have a special ‘freedom to innovate’.¹³ But that may say a lot about the failure of *central* government to proceed with the innovation that public service reform, if it is to be effective, must also demand.

It is an attractive metaphor, then, that Charles Leadbeater uses when he calls for public service to become an Apple kind of organisation rather than an IBM. In the same way, it sounds like fun to ‘rapidly pull together teams of public servants armed with capital, to develop a new product, service or organisation’ with ‘users as co-producers’, and so engage in innovation that is not just *incremental*, in the sense of *more efficient* libraries, schools, hospitals and police services, but also *disruptive* – *new kinds* of libraries, schools and so on. But painting public service innovation like Silicon Valley start-up is a habit that has grown up for a reason. As Leadbeater rightly says, ‘too much of the time the government has seemed intent on improving the public service “mainframe”’.¹⁴ Yet despite all the effort, the *citizen benefits* of the past six years of innovations in central government are hard for most people to discern. There remains a disjunction, in the popular mind, between ‘The Government’ and ‘Our’ Government.¹⁵

The vogue for entrepreneurialism in public services, in short, mirrors a similar trend in the private sector. It raises big questions about the ability of large organisations, private or public, to survive. For if large organisations *insist on outsourcing innovation, or abdicate central responsibility for innovation to lower ranks*, there may be little future for them.

11 Adrian J Slywotzky and Richard Wise, ‘The growth crisis – and how to escape it’, *Harvard Business Review*, July 2002, pp74-5. See also Slywotzky, *The art of profitability*, Warner Books, September 2002.

12 Princeton University Press, 2002.

13 ‘In the public interest’, lead editorial, *Financial Times*, 5 August 2002, p16.

14 Charles Leadbeater, *Innovate from within: an Open Letter to the new Cabinet Secretary*, Demos, April 2002. Available in summary from www.demos.co.uk/PDF/innovate.pdf

15 See Henley Centre, ‘Taxi’ research, 2002, and Future Foundation, *Leading Agile Government, Phase 1: desk research on the Citizen Benefits of Agile Government*, 24 July 2002, available on the PPF members’ website at http://www.egovernment.bt.com/ppf_open/index.html (user id = scppf, password = brave2020).

Top decisionmakers in the US private sector instinctively recognise this. Writing about the February 2002 World Economic Forum, which was held in Manhattan, Anatole Kaletsky observed:

'Not since the early 1980s have I seen America's business elite so lacking in confidence, not just about their immediate economic prospects, but about the long-term outlook for capitalism and the world.'¹⁶

¹⁶ 'Arrogance and fear: the American paradox', *The Times*, 7 February, p18.

Before closing on the crisis of innovation in the private sector, let's note three points:

1. Historically, much of America's private R&D spending has been conducted for the Department of Defense. Today's War against Terrorism has prompted the OECD to express concern that, throughout the West, civilian R&D will be diverted toward military projects, at the expense of 'the accumulation of directly productive capacity'. In Britain, there is worry that the Government's Export Control Bill will subject nearly all university research in science and technology to a costly and time-consuming licensing process¹⁷
2. Private and public R&D spending in the US now exceeds EU expenditure by more than Euro 120 billion every year¹⁸
3. CBI figures show that UK innovation is as much a problem for 'support services' as it is for industry.¹⁹

Most importantly, not just the *capacity*, but also the *will* to innovate seems to be diminishing. This summer, Martin Wolf on the *Financial Times* summed up sentiment:

'Innovation remains a magic potion. But excessive belief causes agonising hangovers.'²⁰

More than two years after what he calls 'the huge technology bubble of the late 1990s', Wolf holds that the problem with innovation is that there is too much enthusiasm for it.

In fact even a cursory analysis shows that the 'bubble' of the 1990s was more about finance than technology. For with private sector innovations, *the risk of 'agonising hangovers' means that few multinationals now wish to invest seriously in capital equipment, new products or new processes – or the new organisational forms that go with these things*. Instead, it is innovations in *finance, risk management, marketing and culture* that are preferred.

In the private sector, a crisis in innovation has led to a massive shift of resources away from genuine innovation, and a lowering of horizons about what innovation is. This needs to be remembered if the *right kinds* of private sector practices are ever to be successfully transferred to public services.

17 OECD, *Economic consequences of terrorism*, 5 June 2002, available in abstract from <http://www.oecd.org/EN/document/0,,EN-document-590-17-no-12-30611-590,00.html>; Mark Henderson, 'Anti-terror laws "will curb research"', *The Times*, 24 June 2002.

18 See European Commission, *Commission presents roadmap to increase investment in research*, press release, 12 September 2002, on http://europa.eu.int/rapid/start/cgi/guesten.ksh?p_action.gettxt=gt&doc=IP/02/129110IRAPID&lg=EN&display=

19 CBI, The Design Council and 3M, *Innovation potential: results and analysis of the 2002 innovation survey*, 23 May 2002.

20 Martin Wolf, 'The world beyond the bubble', *Financial Times*, 22 May 2002.

The dumbing-down of private sector innovation

If there is a politics of anxiety around investment in risky innovations, there is also a fashion for cheaper, therapeutic palliatives that can be represented as innovatory. It is useful for public services to be able to recognise these palliatives for what they are.

1. Financial re-engineering: business models, customer loyalty, M&A

That innovation in public services should so often be discussed in terms of feats of financial re-engineering should not surprise. For from the junk bond markets of the 1980s to the acquisitions that preceded the Enron scandal of 2002, it is in the financial realm that many of the private sector's major innovations have occurred. Even after Enron, an enormous innovative effort still surrounds what Gary Hamel called 'business concepts' – popularised today as *business models*.²¹ As the table below shows, however, business models can hardly be termed innovatory:

A brief history of business models

- Nearly free media (Ochs, Pulitzer, Hearst, 1890)²²
- Razors vs blades (King Gillette)
- Easy credit (Henry Ford)
- Hire purchase (Radio Rentals)
- Software and consumables (photocopiers, computer games, inkjet printers)
- Monthly subscriptions (utilities, health clubs)

What these models have in common

- A limited amount of genuine hardware innovation
- A stress on expensive, high-margin consumables and software
- An attempt to drive up switching costs on the part of users ('lock-in' to proprietary systems)
- A reliance on advertising, branding, retailing, franchising and regular 'hits' on users' finances.

The private sector's enthusiasm for different methods of revenue generation is one thing. But since revenue generation is not the chief purpose of public services, the private sector's financial 'innovations' in revenue generation are hardly an example for public services to follow.

The point is obvious but worth noting. After all, one of the most influential innovations in private sector business models has been the corporate drive, led by the financial wizards Bain & Co, for lifetime *customer loyalty*.²³ What exactly can UK public services learn from this in 2002? A foundation hospital of tomorrow will no doubt innovate to remain the first *choice* of those who have used its services. But if it is to follow private sector practice and boost profitability, not just revenues, that same foundation hospital ought also to know when to *lose* 'customers' who are 'butterflies' (high profitability, but around only for the short term) or 'barnacles' (the reverse).²⁴

It must remain moot whether Britain's therapy-orientated voting *citizens* will ever be prepared to allow such a ruthless *consumer segmentation of patients*. This is unlikely to make for the social cohesion that the Government is so anxious to achieve.

21 Hamel, *Leading the Revolution*, Harvard Business School Press, 2000.

22 'What we now call "media" also had their origin in two process need-based innovations around 1890. One was Mergenthaler's Linotype, which made it possible to produce a newspaper quickly and in large volume: the other was a social innovation, modern advertising, invented by the first true newspaper publishers, Adolph Ochs of the *New York Times*, Joseph Pulitzer of the *New York World*, and William Randolph Hearst. Advertising made it possible for them to distribute news practically free of charge, with the profit coming from marketing'. Peter Drucker, 'The Discipline of Innovation', *Harvard Business Review*, May-June 1985.

23 Frederick F Reichheld, *The loyalty effect: The Hidden Force Behind Growth, Profits, and Lasting Value*, Harvard Business School Press, 1996.

24 The terminology is from Werner Reinartz and V Kumar, 'The mismanagement of customer loyalty', *Harvard Business Review*, July 2002.

A final aspect of private sector financial re-engineering can be found in *mergers and acquisitions (M&A)*. After Enron and WorldCom, there is no need to labour the point that M&A is an easier business to be in than genuine innovation. If anything, however, what public services can learn from the private sector is its new fondness for *demergers* in which, if the corporate finance arm of Deloitte and Touche is right, 'the potential diseconomies of scale for both separating entities are far outweighed by clarity of purpose provided by the demerger'.²⁵

Smaller scale and local public service organisation may make for clarity of purpose. But as we have seen before, that suggests a failure to develop a properly innovative strategy for central government.

2. Risk management

Risk management was itself once an obscure province of corporate finance. But since its birth in the 1980s, it has become a mainstream business activity.²⁶ No new product and service, for instance, is considered without the risk of it 'cannibalising' old products and services. The sensation of future risk now makes deferring investment the norm.²⁷

In the wake of 11 September 2001, some of the private sector's most dramatic changes in risk management have revolved around 'business continuity'. It is not so much the direction or pace of innovation that now transfixes business so much as *survival*.

There are two things that public service innovators can learn from these developments. First, as is well known, *the management of risk usually has a legal dimension that impairs the taking of risks in the cause of innovation*. In this sense, the Government is entirely right to try to rein back the massive increase in litigation against the NHS of recent years.

1998	2.3
1999	3.2
2000	3.9
2001	4.4

That six per cent of the NHS budget has been set aside to pay for negligence points not just to medical malpractice, but also to a growing willingness of the public to seek what it hopes will be therapeutic redress for victimhood in the family, and in particular for cerebral palsy and brain damage. The upshot is that innovations in handling births and other areas of medicine are more likely to be made with one eye looking back over the shoulder – at lawyers.

Second, a sober observer would judge that the risks to the continuity of business are often quite well prepared for.²⁹ By contrast with the private sector, however, government agencies are unprepared for a terrorist attack.³⁰

25 Deloitte & Touche corporate finance, press release on the report *Analysing the value of demergers through share price performance*, July 2002.

26 Daniel Ben-Ami, *Cowardly capitalism: the myth of the global financial casino*, John Wiley & Sons, 2001.

27 Ben Hunt, *The timid corporation: how business became terrified of taking risks*, John Wiley & Sons, forthcoming.

28 National Audit Office, *NHS summarised accounts 2000-2001*, 24 April 2002, pp22-23. Available as a pdf from <http://www.nao.gov.uk/pn/01-02/0102766.htm>

29 As Andrew Mitchell, a consultant with the Cambridge-MIT Institute, points out, although a distributed workforce linked up by telecommunications networks could lower the impact of another 9-11, many more would have died in that tragedy without the disaster management plans and back-up information systems that many of the companies occupying the WTC already had in place, and executed on the fateful day. For a further discussion, see Ralph W. Shrader and Mike McConnell of Booz Allen, 'Security and Strategy in the Age of Discontinuity: A Management Framework for the Post-9/11 World', *Strategy + Business*, Issue 26, First Quarter 2002, available after registration from <http://www.strategy-business.com/press/article/?art=228408&pg=0>

3. 'Marketing is everything'

Theorists believe that the source of much private sector innovation should not be the corporation, but rather the market itself – 'users'. In 1991, well before the Internet became a popular medium, Regis McKenna, of the influential Palo Alto consultants Regis McKenna Inc, argued that the savvy IT supplier of the future would use IT to build 'feedback loops' with its customers, so as to tailor its products and services to their contradictory and changing needs.³¹ At the same time Xerox's John Seely Brown, also based in Palo Alto, published an equally seminal article arguing that the research department's ultimate partner was the customer, and that anthropologists in particular had a special role to play in helping that person identify his or her latent needs.³²

Since those heady years of the end of the Cold War, a vast amount of corporate innovative effort has been devoted to tracking – sometimes videotaping – needy users, their behaviour, the 'usability' they attribute to websites and the attraction they have for brands.³³ The cult of 'customer is king' is now so great that even real scholars of innovation believe that customers should take on much of the responsibility for innovation from suppliers.³⁴ Meanwhile, up-to-the-minute insights from the US branding community only fuel concern that its business can be a substitute for innovation. The more innovative a new product, we are told, the harder it is to fit it into an established frame of consumer reference. If it does too many things (Motorola's failed Envoy, a multifunction pager, rather than Palm's just-an-organiser Pilot), it's doomed to failure. It is not, therefore, just *differentiation* that a brand must concern itself with, but also its 'points of parity' with other brands.³⁵

What can public services usefully take from these doctrines? First, *a focus on needy individual users does not do justice to people as active citizens*. Nor does it do justice to the fact that, as with agility in public services, any government will have its own, internal reasons for and definitions of innovation, independent of what citizens may want of it.

Second, *the use of Government IT to track user behaviour, in the cause of innovation or otherwise, has implications that are potentially even more divisive than the private sector's use of IT in that same cause*. The dynamics that surround privacy and Government are beyond the scope of this article, but have a special logic to them.

Finally, in public services neither branding nor differentiation for its own sake would appear to have much merit. Ironically, therefore, *the Government is right to insist on 'points of parity' – national standards – for public services*. But few would probably notice if it was to *abandon colossal advertising campaigns*. Marketing is not everything, neither in the private nor in the public sector. By contrast, spending money on *one-stop shops*, precisely places where citizens or SMEs can do a great deal of things with government, is a sensible innovation of the past 20 years and one still worth pursuing.

There can be no doubt that UK public services continue woefully to fail to pay attention to current and future user needs, whether conscious or latent. Much ground has still to be made up here. But while there is a need to *learn from* service users, it would be foolish to allow innovation to be *directed by* them. Whatever the haughty officiousness of some

30 House of Commons Select Committee, *Defence and Security in the UK*, Sixth Report in Session 2001B02, House of Commons Paper 518, 23 July 2002. Press notice available from <http://www.parliament.uk/commons/selcom/defpnt27.htm>

31 Regis McKenna, 'Marketing is everything', *Harvard Business Review*, January-February 1991.

32 John Seely Brown, 'Research that reinvents the corporation', *Harvard Business Review*, January-February 1991.

33 For more on the defects of usability as a philosophy, see my 'Usability cult sacrifices innovation', *IT Week*, 31 May 2002, available on <http://www.itweek.co.uk/Analysis/1132275>, and also Ann Light, 'James Woudhuysen champions the Human, rejects the User', *Usability News*, 11 June 2002, See <http://www.usabilitynews.com/news/article504.asp>

34 Stefan Thomke and Eric Von Hippel, 'Customers as innovators: a new way to create value', *Harvard Business Review*, April 2002.

35 Kevin Lane Keller, Brian Sternthal and Alice Tybout, 'Three questions you need to ask about brand', *Harvard Business Review*, September 2002.

public servants in the past, it cannot justify, in the summer of 2002, the National Institute for Clinical Excellence setting up a 'Citizens Council' (sic) of 30 members of the public to make decisions about the NHS. This is a deliberate substituting of amateurism for professionalism, and has nothing in common with innovation.

4. *Innovations in corporate culture: stress relief, tacit knowledge, trust, employee loyalty*

While the private sector has downsized HR departments, it has prioritised HR issues for innovation. Giving tough performance appraisals to employees when their performances are poor, for instance, is now one of management's most critical roles.³⁶ No wonder, then, that *stress relief through work-life balance* has also become a key innovation.

Now low stress may improve innovation. But provided that they are protected from interruption and the performance of other tasks, workers under time pressure can innovate – especially if they work in isolation or in pairs.³⁷ Some cases of stress are genuine. But ridding public services of stress is an unlikely recipe for innovation there.

As we saw earlier, Cap Gemini Ernst & Young value '*tacit learning*' highly. But is that a rational enterprise? As Copenhagen Business School associate professor Anders Bordum has recently pointed out, managers need not justify actions and decisions if they claim that their authority is based on tacit knowledge. That, he argues, is a fundamental threat to rationality.³⁸ Tacit knowledge is, therefore, a threat, not an aid, to innovation. Since 1995, when Nonaka and Takeuchi published their seminal *Knowledge-creating company*, the performance of the Japanese economy has tended to confirm the point.³⁹

The flight from rationality in the arena of HR issues is most obvious in another private sector innovation: a neurosis about *trust*. Following in the steps of Francis Fukayama, business now tries to put a monetary value on trust.⁴⁰ Trust is seen as the only way in which tacit knowledge can be shared in the cause of innovation.

UK public services must, it now seems, rally to trust and the allied concept of *social capital*.⁴¹ But at just this moment, a skittish private sector could be giving up on both. After 911 and Enron, not trust, but a moderate form of suspicion – 'prudent paranoia' – is now felt to be 'highly valuable' in 'many cases'. Meanwhile, innovative urban centres such as Seattle, Boulder and the San Francisco Bay area, it has been found, tend to have below-average levels of social capital. Gay populations, bohemian diversity, openness and weak social ties, it seems, are the things that promote innovation.⁴²

With trust itself distrusted, *employee loyalty* has become a final focus for corporate innovation. There was a time when the term 'turnover' referred to revenues; now it refers to staff leaving. Yet as Frederick Reichheld has turned his attention, over the years, from customer loyalty to what is widely regarded as its first cause, employee loyalty, so he has concluded that... a tough performance management regime is essential if stale staff are to be stripped out.⁴³

He may be right. But in Britain there has been a big decline in job satisfaction, and in nursing – particularly in London and in inner-city and teaching trusts – a collapse in

36 Jean-Francois Manzoni, 'A better way to deliver bad news', *Harvard Business Review*, September 2002, p114.

37 Teresa Amabile et al, 'Creativity under the gun', *Harvard Business Review*, September 2002.

38 Anders Bordum, 'From tacit knowing to tacit knowledge – emancipation or ideology?', *Critical Quarterly*, Volume 44 No 3, Autumn 2002. Along with tacit knowledge, the private sector now sets a high premium on certificate-awarding corporate universities, See America's Corporate University Exchange on <http://www.corpu.com/>

39 Ikujiro Nonaka and Hirotaki Takeuchi, *The knowledge-creating company*, OUP, 1995.

40 Tony Simons, 'The high cost of low trust', *Harvard Business Review*, September 2002.

41 Performance and Innovation Unit, *Social capital: a discussion paper*, April 2002; <http://www.piu.gov.uk/reports/reports.shtml>

42 Roderick M Kramer, 'When paranoia makes sense', *Harvard Business Review*, July 2002; Richard Florida, Robert Cushing and Gary Gates, 'When social capital stifles innovation', *Harvard Business Review*, August 2002.

43 Frederick Reichheld, *Loyalty Rules ! How Today's Leaders Build Lasting Relationships*, Harvard Business School Press, 2001.

employee retention.⁴⁴ There is plenty of dead wood in the staffing of public services, but Reichheld's measures risk worsening staff shortages there.

44 On job satisfaction, see Economic and Social Research Council, *Working in Britain in 2000*, May 2002 and the press release on <http://www.esrc.ac.uk/ESRCContent/news/april02-4.asp>. On nursing, see Belinda Finlayson et al, 'Mind the gap: the policy response to the nursing shortage', *British Medical Journal*, 7 September 2002. See <http://bmj.com/cgi/content/full/325/7363/541>

The two-way traffic in dubious innovations

In 1995 *The Economist* published a series of articles about management theory. They were written up in Micklethwait and Wooldridge's popular debunking of management gurus, *The Witch doctors*.⁴⁵ Re-reading their chapter 13, 'Managing Leviathan: the Public Sector', bears rich rewards today. The authors were not just insightful about the love previous Conservative administrations had had for management theory derived from the private sector. They were also prescient about the passion that New Labour displays for private sector management theory today.

As M&W note, it was a Stanford management theorist, Alain Enthoven, who in 1985 became a mentor for Margaret Thatcher's third-term drive to establish internal markets in the NHS. The organisational innovations he proposed are well known, but worth recording here:

1. Health care purchasers should assess popular need; separately, providers should compete with each other on cost and service quality
2. Resource allocation should be based not on tradition, but on prices
3. Hospitals and GPs' surgeries should not lobby for more resources, but manage themselves as trusts.

By 1996, M&W believed, problems caused by the advent of internal markets to the NHS – low staff morale, and staff hatred of bureaucratic managerialism – were 'proving self-correcting'. But though more and more health workers did, either deliberately or inadvertently, commit to the new reforms, Alan Milburn would not be proposing foundation hospitals today if the OI provided by internal markets had been as self-correcting as M&W imagined.

As M&W more accurately divined and as both Milburn and Morris today confirm, New Labour was always – even in the shape of Robin Cook – committed to internal markets in public services. So what is really new about the OI being proposed today? ⁴⁶ It is clear that the NHS cannot return to the days before internal markets were established. But while it is right that foundation hospitals should meet national standards, they will be 'toughly regulated' according to Milburn, and will have little freedom over pay or ownership of profits from asset sales. Their 'customer' will not be patients, so much as our old friend, the Treasury.⁴⁷

It should not surprise us that all this 'earned autonomy' for local public services units goes hand in hand with ministers who now believe that they are not just accountable for setting directions, but also responsible for day-to-day management and service provision. For what is striking about all the talk of 'markets' in public services is how the 'innovations' that private sector management theory brings to the public sector party are rarely about innovations in product, process or organisation. They are rather innovations about taxes, or funding, or accountability, responsibility and control.⁴⁸ They are neither about technology, nor about the people that work it. They lack substance.

M&W suggested some of the reasons why. They pointed out that, when it comes to applying private sector management theory to the public sector, politicians' feet are 'firmly on the accelerator'; indeed 'it is often liberals who are most passionate about management theory because they think it will help salvage government from public disillusionment'. The public sector shows a 'blind affection' for management theory 'rarely seen in the private sector'. On the other hand, even a 1992 bestseller like David Osborne and Ted Gaebler's *Reinventing government: how the entrepreneurial spirit is transforming the public sector* showed a fascination with private-sector gurus that was really about recycling old ideas.

45 John Micklethwait and Adrian Wooldridge, *The witch doctors: what the management gurus are saying, why it matters and how to make sense of it*, Heinemann, 1996.

46 See Peter Riddell, 'How the big new idea became the same old idea', *The Times*, 27 May 2002, p18 for a discussion of this point.

47 Norman Blackwell, 'Milburn's foundation for serious NHS reform', *The Times*, 23 May 2002, p20.

48 In M&W's view and that of John Kay, public-sector managers are responsible to everyone and no one. They are thus not really accountable, which makes them inefficient and incompetent. M&W, op cit, p332.

Yet if there has been a ‘crisis in faith in the public sector’, there no longer remains ‘a resurgence of faith in the private’. It remains true, today as at the time M&W wrote, that

1. Government wants to do more with less in public services and move them on with the times
2. Public-sector managers live in a world of rules and regulations – to protect the public from the abuse of its money
3. There is plenty of evidence that private-sector managers are no better at running the public sector than civil servants.
4. Oxford professors, like doctors everywhere, have a special fury for the language, stupidity and expense of management theory, as well as the harm done it does to public services

But

1. The rules that now circumscribe public sector management go beyond protecting taxpayers’ money. They have a dynamic of their own
2. There is plenty of evidence that private-sector managers are often incompetent even to run the private sector
3. The distrust of management theory is no longer confined to public servants. Practices derived from Peter Drucker (mission statements, fixed contracts, performance measures) or from Theodore Levitt (treating the ‘customer’ as king) have, especially since Enron, become *more than questionable even in the private sector*, let alone the public. In both, as M&W pointed out, downsizing and cost-cutting programmes go hand in hand with an appetite for more modern, ‘soft’ management techniques. What has changed is that such techniques are now the subject of derision not just in public services but in the private sector too. One need only think of BT’s television commercials, or *Dilbert*, or the television series *The Office*.

What else has changed? It is barely true any more that civil servants have to consider the Opposition, which might ‘soon take over’: on the contrary, civil servants ‘degenerating into party functionaries’ appears to be a clear and present danger. And while John Birt’s reforms at the BBC may have prevented the Conservatives from giving up the licence fee, Greg Dyke’s regime confirms the decline in public service quality that has taken place there. Above all, M&W’s verdict on the application of private sector management theory to public services – that it has been a disappointment, not a failure – looks like it needs to be revised. Private sector management theory has been quite a failure in the private sector, let alone in the public.

There is however another change. M&W wrote:

‘Politicians are no less addicted to fads than their private-sector equivalents – the only difference being that public-sector fads seem to lag behind private-sector fads by about five years.’

This is still true, but it provides an incomplete picture. The traffic in bogus theories is not all from corporations to HMG, but also flows in the opposite direction. Next year, after all, the Health & Safety Executive plans to introduce *management standards for preventing stress*.⁴⁹ It will be argued that without clear standards on factors like workload, control of the work and management support, organizations will only be able to sustain the kind of lifespan enjoyed by Enron. By 2003, too, the DTI will have spent £11.3 million over the period helping nearly 400 organisations implement approved measures for aiding *work-life balance*.⁵⁰

More broadly, the cadre for implementing dubious innovations in private sector HR frequently hails from the public sector. It is frequently a product of higher education,

49 See HSE, *Health and Safety Executive launches major initiative to highlight work-related stress*, Press Release E127:02, 3 July 2002, available on <http://www.hse.gov.uk/press/2002/e02127.htm>

50 See DTI, *Major cash boost for work-life balance initiatives*, press release, 11 June 2002, available on <http://www.nds.coi.gov.uk/coi/coipress.nsf/4eb388ccc4bff3e880256bf4003360fb/09ce182ad7f6a76880256bd5003afb08?OpenDocument>

where the accent has long been more on *values* than on *innovations*. It is Government, more than the private sector, which sets the all-important cultural tone of British organisation today.

Conclusion: a discriminating attitude to innovation

Our analysis has shown that the relationship between private and public OI is a bit more subtle than

1. 'private sector OI is a good example for OI in public services'
2. 'private sector OI is a bad example for OI in public services'
3. 'we need a compromise'.

The choices in front of us cannot be caught by the naïve contrast between 'transformation' vs 'consolidation'. It is important not to be idealistic and pretend that Government, any more than firms, can devote all its resources to disruptive or radical product, process or organisational innovation, at the expense of simply making delivery of the same old public services more efficient. Public servants are not always wrong when they resist the disruptive effects of IT.

In big departments innovation isn't always what is desirable. Instead, a lot of recent effort has gone into how best to organise bureaucracies to be more flexible and responsive without losing expertise. A genuine management of knowledge in the public services, mediated by IT, would obviously take this process a stage further.

Knowledge, however, seems in short supply. Seven years after Henry Mintzberg pointed out, to the American Academy of Management, that citizens are not the same as consumers, intelligent people still confuse the two. My next article will deal separately with the political and democratic aspects of OI, and the relevance of IT to them.

There is little connection made between innovation and that subject of growing management interest nowadays, leadership. But the really poignant thing about today's approaches to innovation is how indiscriminating they are. From *Fast Company* magazine to the fields of Harvard, innovation is anything you choose it to be.⁵¹ More and more people who should know better keep on discovering that the roots of innovation are to be found in nature, biology, genetics, complexity theory and systems theory.⁵² More and more believe that innovation depends upon the kind of space you work in.⁵³

It is time for public services to identify the precise kinds of sources of information, teamwork practices, skills and IT that really do encourage different kinds of innovation. And here the private sector is by no means bereft of insights. The better kinds of private sector teamwork on projects, it has cogently been argued, rarely involve more than two disciplines, rarely thrive on a lot of social cohesion, and do not benefit from a 'hands-off' attitude on the part of senior management. Innovation is rather encouraged when senior management intervenes, but encourages teams to be 'venturesome'.⁵⁴

51 'It's important to recognise that innovation is relative,' says Simon Jeffrey, Chairman and Chief Operating Officer of LucasArts Entertainment. 'Innovation can be a clerk who finds a way to make filing 20 per cent more efficient... We define innovation broadly, encompassing not just brilliant new products but also distinctive operating practices, managerial tactics, and even business strategies'. Quoted in Polly LaBarre and Alan M Webber, 'Fast talk: the innovation conversation', *Fast Company*, 48 July 2001. See also the editors, 'The innovative enterprise', *Harvard Business Review*, August 2002 special issue on the innovative enterprise, p6.

52 In 1996, writing for *Demos Quarterly*, I observed that 'the naturalistic metaphors of biology and of co-evolution have begun to overwhelm our old friend, the theory of the firm'. Six years later, naturalistic accounts of innovation are everywhere. David Landes, the doyen of economic historians, believes that geography and climate lies behind Britain's 19th-century industrial revolution. The best-known forecaster in the United States, Faith Popcorn, believes that innovation around tomorrow's trends must recognise that women are fundamentally different from men. At the influential Worldwatch Institute, Lester Brown contends that applying the principles of ecology is the only way to sustain economic progress and improve the human condition. See David Landes, *The Wealth and Poverty of Nations*, 1998; Faith Popcorn and Lys Marigold, *Eveolution: the eight truths of marketing to women*, Hyperion Books, 2000; Lester Brown, *Eco-Economy*, 2002, pp4-5.

53 See my 'Space men invade UK offices', *IT Week*, 8 July 2002. See <http://www.itweek.co.uk/Analysis/1133312>

54 Rajesh Sethi et al, 'How to kill a team's creativity', *Harvard Business Review*, September 2002.

The private sector has also developed a number of metrics and scorecards that capture different aspects of innovation.⁵⁵ These are helpful, provided that

1. they are suitably amended for the different dynamics that obtain in public services
2. the targets they seek do not impose a twisted logic all their own.

The latter point is important. One of the enduring myths of management is that ‘if it gets measured, it gets managed’. This is simply not true. In Soviet industrialisation Stalin measured everything and managed nothing. Without measurement it is hard to manage but measurement alone is by no means a guarantee of management. Often it can be a kind of displacement activity, rather than a real tool for knowledge.

It is, finally and fortunately, not just the private sector that recognises where certain investments can rationally be made to assist innovation. Public services in the UK know that they need more and better skills in contract management.⁵⁶ They know that they need more and better training in project management.⁵⁷

A programme for better OI in public services cannot, however, just rely on measures in recruitment and education. Because innovation has become, perversely, so much to do with culture, those who advocate the sort that makes a real difference to people’s lives must embark on their own *kulturkampf* – a cultural struggle for a discriminating attitude to innovation, private and public.

55 See for example Robert S Kaplan and David P Norton, *The balanced scorecard: translating strategy into action*, Harvard Business School Press, 1996; Erik Brynjolfsson et al, ‘The Matrix of Change’, *Sloan Management Review*, Vol 38 No 2, 1997, purchasable through <http://mitsloan.mit.edu/smr/past/1997/smr3823.html> and Slywotzky and Wise, ‘The growth crisis’, op cit.

56 National Audit Office, *Managing the relationship to secure a successful partnership in PFI projects*, Report by the Comptroller and Auditor General, HC 375 Session 2001-2002: 29 November 2001, available as a pdf from http://www.nao.gov.uk/publications/vfmsublist/vfm_ppp.htm

57 Sir Andrew Turnbull, *Reform and delivery in the civil service*, paper to the Civil Service Management Board, 24 June 2002, available as a pdf from <http://www.cabinet-office.gov.uk/>

Organisational Innovation in public services: Where is Britain going in e-democracy ?

by James Woudhuysen

Electronic voting has arrived at the London Stock Exchange and at Internet dating websites.¹ It has come to *Big Brother* and *Pop Idol*. The Government, which plans an e-enabled general election some time after 2006, is impressed with these TV shows. It argues that their success

'is largely due to the technology in allowing a greater number of people to be directly involved. The technology provides a means for mass participation. 'This is the same principle that lies behind the Government's strategy for e-democracy'.²

So e-voting does not just allow people more easily to play the stock, singles or rock music markets. It is on the move in political circles.

Maps now exist to portray worldwide progress in e-voting.³ It is so established internationally that, in October 2002, in Rome, at least 24 senators supporting Berlusconi were caught on video acting as what Italians call 'pianists', or legislators who 'play a tune' by electronically voting on behalf of absent colleagues.⁴ A more respectable endorsement for e-voting came that same month in America, when Congress authorised the spending of no less than \$3.86 billion to help states overhaul their election systems.

The UK has begun to move ahead too. In August, the Electoral Commission gave a favourable verdict on the electronic voting that had taken place in the local elections of May 2002: kiosk voting in six authorities, internet voting in five, telephone voting in three and voting by text message in two.⁵ Then local government minister Nick Raynsford argued that 'further piloting is clearly necessary to tease out any practical problems, to build up public confidence and to ensure that no new system increases the potential for fraud'.⁶ Today, advised by The Electoral Commission and the Local Government Association, Deputy PM John Prescott has just selected councils in England and Wales, as well as IT suppliers, to conduct that 'further piloting'.

1 Tony Tassell 'Electronics may end plight of paper voting', *Financial Times*, 30 December 2002. On the dating site www.lavalife.com, online polls are taken on questions such as 'Should a woman's lipstick and nail polish match?'

2 Office of the e-Envoy, *In the service of democracy: a consultation paper on a policy for electronic democracy*, 15 July 2002. See <http://www.edemocracy.gov.uk/>

3 See openDemocracy, 'The e-Democracy world map', 21 November 2002. See http://bill.verity-networks.com/world/emap_w.html

4 Tony Barber, 'Italy's judicial reform bill hits trouble', *Financial Times*, 29 October 2002

5 The Electoral Commission, *Modernising elections: A strategic evaluation of the 2002 electoral pilot schemes*, August 2002. See <http://www.electoralcommission.org.uk/about-us/modernisingelections.cfm>

6 Office of the Deputy Prime Minister, 'May 2003 elections to continue online voting trials', *News Release 086*, 27 September 2002. See <http://www.odpm.gov.uk/news/0209/0086.htm>

Prescott has found £10 million for each of the years 2003/04, 2004/05 and 2005/06 to help councils pay for the hardware, software and processing that surround e-voting and the e-counting of ballot papers. Successful councils will

- promote e-voting with publicity and marketing
- try to provide voters with an option to spoil their ballot papers
- ensure that vote data is compatible with the current standard of Election Markup Language (EML)
- conduct further polls to find out what voters thought of e-voting.⁷

Hopeful IT suppliers include

Accenture
Anite Public Sector
BBC Technology
BT
Cable & Wireless
Capita Business Services
Consignia
PA Consulting Group
Electronic Data Systems
Experian
France Telecom
QinetiQ
Morse
Unisys⁸

Of course, it might be suggested that £30m over three years is not a whole lot of money. But it is equivalent to 10 per cent of the £300m that Whitehall has made available to local councils for them to implement full electronic government by 31 December 2005. That is an indication of the official status now given e-democracy. As late as the summer of 2002, the Institute of Public Policy Research (IPPR) could fairly note that e-democracy was the preserve of the Hansard Society for Parliamentary Government alone. No more.⁹

In previous articles, I have argued that Organisational Innovation in the *delivery of public services* centres more on providing *therapy to victim* – T2V, the essence of New Labour's Third Way – than on genuine innovation in services and in e-procurement. Despite Whitehall's centralisation of local government, the logic of T2V makes for a kind of devolution in service delivery and a vogue, at least in rhetoric, for 'bottom up' rather than 'top down' innovations. Borrowing the wrong kind of lessons from the private sector, Government insists not only that taxpayers are customers, but that they are needy individual users: users whose needs, behaviour and brand loyalty must be tracked, with the help of IT, if the therapeutic service innovations introduced by the Government are truly to deserve the populist tag 'bottom up'.

7 Office of the Deputy Prime Minister, The Electoral Commission and the Local Government Association, *Modernising Elections: Prospectus for electoral pilots – local elections 2003*. Available as a Word document from www.local-regions.odpm.gov.uk/elections/

8 Office of the Deputy Prime Minister, *Expressions of interest received to become technology providers for the Electoral Modernisation Pilots Project*, 24 October 2002. See <http://www.local-regions.odpm.gov.uk/elections/eoi/index.htm>

9 Ian Kearns, Jamie Bend and Beatrice Stern, *e-participation in local government*, IPPR, 11 June 2002. Cisco Systems has funded the Oxford Internet Institute so that it can appoint Dr Stephen Coleman, director of the e-democracy programme at the Hansard Society, to the world's first professorship in e-democracy: he will visit Jesus College, Oxford. Attached to Jesus College, Coleman will perform an extensive, serial survey, in collaboration with a leading UK internet service provider, to discover what British citizens want from democracy and how they would be willing to use digital technologies to interact with politicians, institutions and each other. He will also lead a long-term tracking study examining how MPs integrate digital technologies into their working practices. *Oxford Blueprint*, Vol. 3 Issue 3, 21 November 2002. See <http://www.ox.ac.uk/blueprint/2002-03/2111/06.shtml>

Here I want to show how this T2V approach to the delivery of public services is paralleled by a similar approach to *democracy*. Those who want to modernise democratic processes through IT

1. rightly accept that there is a *crisis in British democracy*
2. wrongly *account* for that crisis
3. want a *top-down effort to empower 'users' from the bottom up* – not so much by providing a *choice of new IT channels* with which to go *e-voting* as by *including everyone* in the *T2V politics of e-participation*
4. eulogise *minority voices making direct, transparent, interactive communications* – something that sounds laudable, but will in fact compound the crisis of British democracy
5. have more *neuroses* than sensible doubts about e-democracy
6. risk raising the *wrong kind of expectations* about the future *potential of IT*.

1. A crisis in British democracy

The Office of the e-Envoy's consultation document *In the service of democracy* rightly begins by acknowledging that e-democracy is neither an alternative to representative democracy nor a replacement for existing forms of democratic participation. Rightly, too, it does not expect that e-democracy will solve all the problems associated with the low turnouts in elections. But it does decry the sorry state of those turnouts, in both general and European elections. It is worried that the formal institutions of democracy have proved no match for single-issue politics and the organizations that go with that.¹⁰

Others note that popular participation in political parties is also low, since politicians are often sleazy and autocratic. They voice concern about voter apathy in Britain and internationally. In an Americanised world of 24/7 media, they argue, politics has been reduced to safe soundbites. As the IPPR sums up, 'we currently face a serious crisis of democratic disengagement', and 'If anything, the situation in local government is even worse than it is at national level'.¹¹

E-democrats are right to begin from the crisis in democracy. But the health of the body politic does not *just* depend, as the e-Envoy has it, on people 'being prepared to vote'. Before signing up for e-democracy initiatives, it is worth noting what other government initiatives, in the realm of plain old democracy, supply today's context for the 'e' sort. It is worth noting

- Home Secretary David Blunkett's moves to abolish jury trials, backed by Lord Falconer
- Lord Chancellor Derry Irving's handling of the reform of the House of Lords
- How John Prescott and Chancellor Gordon Brown have reputedly devised a total of no fewer than 600 targets for municipal government to meet¹²
- The Audit Commission's ability, through its December 2002 Comprehensive Performance Assessment of 150 councils, to pass verdicts on the performance not just of officers, but of politicians¹³
- Health Secretary Alan Milburn's plans to make primary care trusts independent of the existing institutions of local democracy¹⁴

There are other initiatives, outside government, that are worth noting. In January, Lady Helen Hamlyn gave the Labour Party £1m to pay off a £5m mortgage on its offices. It is worth asking: do moves like this suggest that political parties no longer deserve the term in the sense of vibrant, actively supported mass organisations? And is the growing chorus in favour of an alternative – *tax-funded* political parties – one that the public is likely to join?

The Webcasting of the Welsh Assembly was a step forward. But broadcasting the House of Commons did not improve the quality of debate there, or the respect in which the Commons is held by Tony Blair. In the same way, Poptel's proposal to equip every councillor in Britain with a personal website sounds a great idea.¹⁵ But exactly what difference click-through-to-a-councillor websites will make is questionable. They will, perhaps, help non-executive councillors *scrutinise executives* better, by 'coming to better understand and more ably articulate the needs and wants of those living in their areas'.¹⁶ But they will not counter the *erosion of power* that non-executive councillors have suffered over the past five years.

10 Op cit, pp9-11.

11 IPPR, op cit, p13.

12 Simon Jenkins, 'Whitehall control must give way to civic pride', *The Times*, 1 November 2002, p26.

13 See the very interesting article by Nicholas Timmins, 'A clear picture of fit councils', *Financial Times Appointments*, 9 January 2003, pVII. Timmins observes that local politicians have accepted the Commission's approach because their peers, not just Commission officials, have done the judging..

14 Krishna Guha and Nicholas Timmins, 'Milburn set to increase local control of healthcare', *Financial Times*, 15 January 2003.

15 Poptel, *Councillor.info-Briefing: Dynamic Websites for Local Representatives*, 27 September 2002.
Available as a pdf from http://www.councillor.info/document_tree/ViewADocument.asp?ID=2&CatID=1

16 IPPR, op cit, p16.

The current climate for democracy, then, is more than a little inclement. As a result, the growing enthusiasm of the Government for e-democracy stretches credulity where it does not invite suspicion. It might, perhaps, be part of a general and convivial pattern of opening up: after all, Tony Blair has promised a parliamentary debate on whether to go to war with Iraq, and even the Ministry of Defence has agreed – at an admittedly secret meeting held back in 2000 – to come out and promote to the public the merits of Britain using ‘non-lethal’ nerve gases and ‘other biological weapons’.¹⁷ But it seems more probable that e-democracy is part of a general and disturbing pattern of increasing government restrictions on democracy. *It may be ironic, but e-democracy could turn out to be part of the crisis of democracy that, rightly, forms the point of departure of today’s e-democrats.*

¹⁷ Janine Roberts and Jean Eaglesham, ‘Defence chiefs seek to promote non-lethal biological weapons’, *Financial Times*, 4 November 2002.

2. *A wrong account of the crisis*

Despite its sense of the crisis of democracy, *In the service of democracy* identifies three opportunities:

1. 'the public's desire for new avenues in which to express their views'
2. 'the interest on the part of elected representatives and government to re-connect with citizens'
3. 'the emergence of new information technology'.

But while item 3 is unexceptionable, can we really detect item 1? This sounds like wishful thinking. There is no popular clamour for new political e-channels. By contrast, there is indeed a clamour around item 2.

We might ask why, and we might, for an explanation, take seriously the crisis in democracy. Politicians want to 're-connect' to 'citizens' because 21 per cent of non-voters in the general election said that it had been too inconvenient for them to get to a polling station – and because a further 16 per cent were 'away' for the event.¹⁸ But why, in turn, have such figures come about?

For all its stated opposition to technological-determinist interpretations of democracy, the Government believes that low electoral turnouts are to do with the *forms* of democracy, its channels, rather than its *content* – the end of any political programmes that can inspire people enough, in the way that once they did, to stumble down to a polling station or return early from 'being away'. It is not technology that makes *Pop Idol* more popular than local elections, but the fact that manufactured singing is, in content or cultural terms, more exciting to more people than the complacent political visions on offer today. The hysterically Forsterian desire of politicians to connect with people follows not from the fact that they have ended the 20th century with the wrong kind of pipes with which to do this. It follows from the fact that they have little to put down those pipes. The crisis of democracy follows from what the American critic Russell Jacoby calls *The end of utopia* – the dissolution, since the end of the Cold War, of any clear, distinct, imaginative, long-term visions of the future, whether right, left, or Middle Way.¹⁹ It is this unprecedented and unpalatable fact that makes *In the service of democracy's* Holy Grail of remote electronic voting, through the click of a mouse or the fingering of a mobile, appear so much more preferable to the walk to the poll booth. It is this that explains what politicians excoriate as public 'apathy'.

Any underestimation of the political, rather than technical roots of today's democratic crisis will lead, even with the best of intentions, to unforeseen and unfortunate conclusions. Take, as an example, what the Government wants to do about elections in 2004. Though a final decision will wait till Autumn 2003, Nick Raynsford and Yvette Cooper, parliamentary secretary to the Lord Chancellor, propose that local and Greater London Authority elections be postponed from 6 May 2004 to 10 June 2004, so that they can be combined with elections for the European Parliament. The proposal sounds innocuous enough. Raynsford and Cooper also have a balanced approach to the use of e-voting on this occasion: while they note that there would be 'a number of practical difficulties and risks associated with applying innovative voting practices' to a combined voting exercise, they believe that there could be 'opportunities to add to the growing body of experience of new voting methods'.²⁰ But why are they so keen to combine all three kinds of elections – plus a lot of parish elections too – on the same day? Is it, perhaps, because there are now indissoluble connections between international, national, devolved, regional, urban and local economies? A trite and also moot point, perhaps; but at least a political one, to do with the *substantive issue* of globalisation.

In fact Raynsford and Cooper do not advance anything like this as a reason for their Do-It-All approach. On the contrary, they want to combine elections because that will be less costly, easier to publicise and *more convenient* to people. The same diligently pragmatic philosophy governs their interest in 'weekend voting'.

All this abolishes active and *organised engagement* in politics in favour of the *individual consumption* of politics, akin to eating *convenience foods*, or voting as a weekend *leisure pastime*. It is an important mistake.

18 MORI, *Survey Of Attitudes During The 2001 General Election Campaign*, 4 July 2001. See http://www.mori.com/polls/2001/elec_comm_rep.shtml

19 Russell Jacoby, *The end of utopia: politics and culture in an age of apathy*, Basic Books, 1999.

20 Nick Raynsford and Yvette Cooper, *Combining English Local Authority, Greater London Authority and European Parliament Elections in 2004: a consultation paper*. See http://www.local-regions.odpm.gov.uk/consult/comb_elec/02.htm#04

The IPPR defines e-democracy as ‘the use of Information and Communications Technologies (ICT) in support of citizen-centred democratic processes’. But democratic processes, if they deserved the term, were never centred on anybody else but citizens. In the neologism ‘citizen-centred’, we find the ‘democratic’ equivalent of a ‘patient-centred’ NHS, or ‘student-centred’ learning, or ‘user-centred’ Web design. For every rhetorical flourish about ‘citizens’, then, the underlying idea is that of *consumers*. This conception – a classic *canard* made by poor theorists of government – will encourage citizen apathy, not end it.

There is nothing wrong, in themselves, with new technical channels or electoral fora. But when official policy vaunts the superiority of a touch screen in a poll booth to that of a pencil there, we see that radical obsession with the forms of democracy that does so much to trivialise its content.

Take, as another example, the Regional Assemblies (Preparations) Bill, introduced in the House of Commons on 14 November 2002 to provide the opportunity for at least one English region to hold a referendum about establishing an elected assembly during this Parliament. Assemblies enjoy the enthusiastic support of the influential New Local Government Network.²¹ They are also the subject of a major consultation exercise led by John Prescott and destined to conclude on 3 March 2003.²² In principle there is nothing wrong with them. But at a moment when popular interest in politics and government, like that in Regional Assemblies, is low, to introduce them to England from on high is more likely to promote the parochial, the sectional and the bureaucratic than it is to promote democracy. Assemblies could amount to inflated county councils, without even the limited local accountability that the latter enjoy.

Prescott’s proposals for referenda are themselves a straw in the wind. So too is the possibility – one day – of a referendum on membership of the Euro. Part of today’s drift away from *representative* democracy is a new fondness for *plebiscitary* democracy.²³ In this conception, polls, aided by e-voting technologies, take place *more frequently* than in the past. In addition, there is a tilt toward *deliberative* democracy. Here website discussion space and e-mail discussion groups ‘connect citizens with the political process *between* elections’.²⁴ Before turning to deliberative democracy, a brief word about plebiscitary sort.

It sounds attractive. The ‘electronic agora’ proposed by Howard Rheingold in 1993, the ‘new Athenian Age of democracy’ put forward by Al Gore in a speech to the International Telecommunications Union in Argentina in 1994 – new-style, IT-assisted ‘town meetings’ seem more vital than old-style Town Hall meetings. But what did Al Gore really say? Drawing an analogy between ‘huge mainframes with a single processing unit, solving problems in sequence’ and the democratic systems of the past, he urged a move to ‘massively parallel’ democracy, in which ‘the human equivalent’ of thousands of ‘tiny self-contained processors’ each solves ‘a tiny piece of the problem simultaneously’.²⁵

Once again, it sounds attractive – modern, even. But the point about human beings as tiny chips in a plebiscitary motherboard is not just that they vote on tiny matters simultaneously, but that they do so *continuously*. Like electronic transistors, they are passive, act on instructions, and flip-flop all the time.

That does not sound so attractive. One must remember the wider context for plebiscites. In ancient Athens, it was a little thing called slavery. In cantonal Switzerland, it was until relatively recently the denial of votes for women.

21 Dan Corry and Professor Gerry Stoker, *New localism: refashioning the centre-local relationship*, New Local Government Network, 12 October 2002.

22 Office of the Deputy Prime Minister, *Regional Assemblies (Preparations) Bill – Local Government Reviews: Consultation on Proposed Statutory Guidance to be issued by the Secretary of State*, 2 December 2003 and *Regional Assemblies (Preparations) Bill – Soundings exercise on the level of interest in each English region in holding a referendum about establishing an elected regional assembly*, 2 December 2003. See <http://www.local-regions.odpm.gov.uk/consult/assembly-bill/index.htm> and <http://www.local-regions.odpm.gov.uk/consult/regional-assembly/index.htm>

23 See for example IPPR, *op cit*, p12.

24 *Ibid*, p13.

25 Quoted in Diana Saco, *Cybering democracy: public space and the internet*, University of Minnesota Press, 2002, ppxiii and xiv.

It would be foolish to say that, in a democracy, meetings must always take place in the flesh. That would rule out democracy on a national scale, even if some have long been prepared to countenance this in favour of purely local politics.²⁶ But like life in the modern corporation and the modern open-plan office, IT-assisted plebiscites – ‘*always on*’ *e-voting*, or a kind of *ADSL democracy* – may give little time for reflection.

E-plebiscites imply moving toward more referenda than even the maddest anarchist could ever have dreamed of. But this would not be democracy. It would be more akin to Internet dating, networked computer games, or to a teenager’s surfing her picture-messaging mobile to find out what’s happening this Saturday night. See someone on screen, read what they think in a few words, tick a box giving your opinion, move on to another, equally contingent set of personalities. This is not Politics, but Play.²⁷

More fundamentally still, *IT-assisted plebiscites threaten both to express and accelerate today’s political crisis of trust.*

With representative democracy, one votes for political *candidates* and, in the case of, say, British general elections, thereby *entrusts* them to act on one’s behalf for up to five years. Candidates get a relatively free hand once elected, because they are more or less trusted. This procedure is rather different from those classically followed by, for example, the trade unions. There, *delegates* were *mandated* to do what electors told them to do, and had a duty to report back on their conduct.

Whatever is else is said about it, a contemporary move to IT-assisted plebiscites must mean that we no longer feel able to trust politicians to go away and do their thing for a time. IT-assisted plebiscites pretend to build up a kind of 24/7 political alertness on the part of the populace and 100 per cent accountability on the part of politicians. But though, fortunately, they will never bring about a world where voting becomes the substance of everyday life, their real impact will be to solidify distrust and deepen the derision that now surrounds representative democracy.

26 Saco cites here Kirkpatrick Sale, *Human scale*, Perigee Books, 1980.

27 For more on this, see my ‘Play as the main event in Western culture’, forthcoming in *Cultural Trends*.

3. A top-down effort to empower ‘users’ from the bottom up – by including everyone in the T2V politics of e-participation

‘The regular citing of high levels of public participation in telephone and online voting in *Big Brother* or *Pop Idol* misses the point. Party politics is not pop music...

‘The generally small increases in turnout in the wards where online voting was trialled in May [2002] seem to confirm that simply putting elections online will not be enough to encourage the disaffected to cast their votes.

‘Encouraging e-participation between elections could address the root cause of low turnout in a way that e-voting does not.... It would be wrong to put e-voting at the top of the list.’²⁸

To his great credit, the IPPR’s Jamie Bend abjures the entertainment model of democracy. But he and his colleagues push at an open door in their call for the Government to put e-participation ‘at the top of the list’. As early as April 2002, *e-gov@local* saw e-democracy as about not just voting, but also facilitating the ‘engagement of citizens in consultation and community planning.’²⁹

In the service of democracy puts its chapter on e-participation *ahead* of a *shorter* chapter on e-voting. Like the IPPR, it wants to facilitate, broaden and deepen participation. And it recognises that e-participation is more complex than e-voting, because it requires ‘the creation of new relationships between government, citizens and representatives’.

There’s the rub. In general, it can be said that few citizens would like ‘new relationships’ with government and representatives. But government would very much like such relationships with citizens. *Unduly worried by loss of social cohesion, Government puts e-participation at the top of its list – as a means of establishing new points of contact with what it takes as an unruly populace.* E-participation is not about democracy, but about making sure everyone is drawn, by a myriad of connections, into New Labour’s big tent.

This is a top-down exercise in scared condescension. Its flavour is well caught by a Prescottian footnote:

‘By e-Citizens we refer to the drive to empower local populations, to give them the skills, confidence and opportunities they need to exploit the opportunities that e-enabled access to information and influence that local e-government should bring.’³⁰

Leaving aside the giving of opportunities to exploit opportunities, it must be asked: can people at the top ‘empower’ local populations? Did De Klerk ‘empower’ Mandela? Equally: can skills, or confidence, be ‘given’ to people? Aren’t they things that people earn through their own endeavours, through their achievements?

Apparently not. Like that universal New Labour good, *self-esteem*, power and skills and confidence are to be delivered in a right-on, high-tech, populist style... by the Government.

We can now see the therapeutic character of e-participation. It is about political parents making political children feel more comfortable and grown-up. It is about making participation ‘less intimidating’.³¹ Take what *In the service of democracy* says about deliberation, or what it calls ‘making the most of people’s ideas’. It begins with an excellent counterpoint to the short spans of attention that characterise, as we have seen, plebiscitary democracy:

28 Jamie Bend, ‘A red herring dressed as reform’, *Public Finance*, 21-27 June 2002.

29 DETR, Local Government Association, UKonline, Local Government online, *e-gov@local: Towards a national strategy for local e-government*, April 2002, available as a pdf from <http://www.local-regions.odpm.gov.uk/consult/egov/index.htm#p25>.

30 Office of the Deputy Prime Minister, *Implementing Electronic Government Statements 2002*, op cit, Section 2: Priority Outcomes and Services, Footnote 2, 8 October 2002.

31 IPPR, op cit, p13.

'For effective deliberation in an online environment, there should be enough space and time to examine complex issues, to develop ideas and to enable constructive discussions between citizens.'

³²

But the consultation document goes on:

'This will also demand an environment where people can contribute without fearing that they will be shouted down, have their ideas ridiculed or find their views lost among others competing for the same space. Variations in personal style should be accepted, so that citizens can tell their own stories and contribute in their own way.'

Now: no doubt minority, 'excluded' groups in British society do often find the usual democratic channels intimidating, noisy, derisive, competitive and impervious to the personal narrative – although not, perhaps, as often as experts seem to think. But from the Port Huron Statement of America's Students for a Democratic Society through to the copper-bottoms-in-meetings of the European left (1970s Italian communists like Enrico Berlinguer, 1980s British members of Militant), participation's enthusiasts have been among the most intimidating, noisy, derisive and competitive of all. In the realm of the Internet, chatrooms remain hostage to the lunatic, the histrionic, the vitriolic and the perverse. What guarantees the developmental, constructive nature of discussions that the Office of the e-envoy rightly seeks is not 'expanding choice' by providing the Internet as a channel, but improving the quality of political analysis, precision, programme; in short, improving the quality of political content.

To the degree that minority groups feel left out, that is because they only have Government condescension put on the political table before them. And the stroking, therapeutic approach cannot solve this problem: it is part of it. Characteristically, the key instance of e-participation that is always referred to is the Hansard Society online consultation, conducted in March 2000, with 200 women survivors of domestic violence. This is always celebrated as a previously uninvolved group giving evidence to parliament in greater numbers than had ever been achieved before. But after the consultation, when some women requested the email addresses of other, previously anonymous participants, the Hansard Society insisted that they sign a long agreement with a detailed warning about who and what could be dangerous about email. It wrote:

'I am sure that some of you will be considering what it might mean to enter into an "e-mail relationship". Many of you may have different expectations. May I suggest that you think about what it is that you would like from an e-mail relationship and consider how you will handle situations which may arise, such as: being inundated with e-mails or trying to end an "e-mail relationship" if the other party does not want to. You may want to seek support from Women's Aid or a qualified counsellor with knowledge of domestic violence. Unlike our website, it is impossible to guarantee the confidentiality of e-mails and who has access to them which is another issue that I am sure many of you will have thought about.'

³³

Phew ! Whatever one's sympathies with the victims of domestic violence, they don't need this kind of sympathy.

Once people are treated as the object of therapy, no amount of IT will eliminate feelings of impotence and of fear. T2V conceptions of IT are inimical to democracy.

32 Op cit, p20.

33 Stephen Coleman and Emilie Normann, *New Media and Social Exclusion*, Hansard Society, July 2000.

4. E-participation = e-inclusion = minority voices making direct, transparent, interactive communications

The implementation of electronic government, John Prescott's office has said, means the pursuit of 'cross-cutting objectives' that include not just what it calls 'customer service', but two other things:

'Social inclusion

Not just avoiding the "digital divide", but harnessing the power of e-government positively to tackle exclusion from services and communities

Democracy and accountability

Encouraging openness and scrutiny across the public sector and encouraging active democratic participation.'³⁴

There can be no doubt that the purpose of e-participation is to include everyone. But is the 'inclusion' of people who are under 18 in electronic 'youth parliaments', or the multicultural search for more ethnic diversity in participation, an unambiguous good? In the field of ethnicity and race, at least, not everyone thinks so.³⁵

The problem with British democracy today is not that minorities lack a voice. The problem, as we have already seen, is that there are few convincing political arguments. Anyway, minorities already have a quite disproportionate say over our political futures. During the fuel crisis of autumn 2000, after all, the government chose to deal with striking hauliers with kid gloves. Since then it has become clear that Government committees on transport are packed not with representatives of the AA or the RAC, but with reps from environmentally-minded Non-Governmental Organisations (NGOs) – bodies that are as unelected as motoring organisations.³⁶ Yet some want even more power for the unelected. Among the 'Good Practice Guidelines' for e-participation advocated by the IPPR is this:

'Working in partnership: Given the levels of current disengagement, local authorities cannot simply expect that building e-participation spaces on the internet will result in major increase in political involvement. Instead, they must work in partnership with NGOs and voluntary groups in their areas to develop e-participation spaces which address the needs and interest of the groups of citizens involved, and also assist those community groups to get online and begin using the internet for enhanced engagement in their own right.'³⁷

Once it is accepted that some voices are excluded, they become more equal than others. Others, by contrast, are felt to be overbearing and excluding. *Who is allowed to represent the public* then becomes not a matter of *democracy*, but of *arbitrary selection*, otherwise known as partnership, Local Strategic Partnerships, strong local or community leadership, etc.

Special claims are not just made for minorities. Three distinct claims are also made for IT – claims that paint it as intrinsically democratic. Lets take each of these in turn.

The recent proposal that Parliament be removed from Westminster to Liverpool shows how literal interpretations have become of the idea that government is 'remote from the people'. Yet the proposal, though not entirely serious, nevertheless favours in the physical world that same quality of *directness* that e-democrats vest in the electronic one.³⁸ But what is direct about IT? Electrons move at the speed of light; but

34 Office of the Deputy Prime Minister, *Implementing Electronic Government Statements 2002 – Draft Guidance*, Section 2: Priority Outcomes and Services, 8 October 2002.

35 See for example Elisabeth Lasch-Quinn, *Race Experts: How Racial Etiquette, Sensitivity Training and New Age Therapy Hijacked the Civil Rights Revolution*, Norton, 2001

36 See for example Paul Marston, 'Prescott's "red tape" halts £5bn road plans', *The Daily Telegraph*, 2 April 2002.

37 IPPR, op cit, p19.

38 The Government is seeking ways in which technology might improve methods of consultation, enabling ministers and civil servants to hear directly from the public, and allowing individuals and groups to put their opinions directly to government. Office of the e-Envoy, *In the service of democracy*, op cit, Section 3.1.

a politician can evade a constituent's polemical email more easily than he can a presence at his surgery, and more easily, too, than an opponent's barb in the House of Commons. Politically, IT does not make politicians any more accountable than they are in the flesh. If anything, it makes them less accountable.

The same obsession with the physical-technical forms of democracy is evident in the admiring words for e-participation as *transparent*. As the e-envoy puts it, the aim of the e-democracy 'charter' that should accompany 'any' process of e-participation or e-voting

'should be to inform people of their rights and responsibilities when they are participating electronically, whether in elections or in the democratic process between elections, in order to safeguard trust between citizens and government and build transparency in the process.'³⁹

But unless e-participants are privy to the discussions among politicians that still go on behind closed doors, there is nothing about IT that makes it specially transparent. Dissembling will still be possible. *Trust*, a political thing, can be brought about by IT only as much as it can be brought about by liquid crystal displays, or videoconferencing, or glassier Town Hall *architecture*; which is to say, not much.⁴⁰

What about the final merit of e-participation – that it is *interactive* ? There can be no doubt that the remote control unit for government-connected digital TV is more interactive than the remote control to run, say, a video movie. But what, beyond this improvement, does interactivity consist of ? It is here that the *wrong account of the crisis of democracy* that we reviewed earlier is revealed as founded on *outdated theories of society*. These theories naively dismiss the importance, to society, of agriculture, construction, energy, transport, manufacturing and services. They dismiss, in a word, the realm of *production*, and action – including political action – on the real world. Instead, they privilege *communications, language, dialogue, media, identity and interactions*.⁴¹ It is not the unrivalled changes human beings wreak on nature that occupy the central place in these theories. Rather, *speech* and the concomitant *ability to read faces* are regarded as the characteristic that makes us human.⁴²

This is an understandable mistake. The power and weight of telecommunications in society has, it can be argued, grown even faster than that of computers. But *for all the great advances achieved by telecomms, they do not justify the laziness of seeing the world merely as one big IT network of interpersonal interactions*. The Platonists erred when they took the hand-crafted vessel as a model for an ordered universe, or *kosmos*. Given what has happened to nuclear power, it is arguable whether we ever entered what was known in the 1950s as the 'atomic era'. To define the world in the image of the currently prevalent technology is an error that has been made for a long time now.⁴³ To exaggerate the significance of telecommunications to democracy will do neither any good.

The table below shows how old and one-dimensional are the hopes that information and communication technologies inherently, and in a deterministic manner, bring about a new era, a new society, or a society, at least, in which democracy is naturally expanded. The table also gives a hint of how, with the rise of the

39 Office of the e-Envoy, *In the service of democracy*, op cit, p21.

40 The Greater London Assembly is housed in a transparent building. But can it really be true that *glass, a material*, is intrinsically more democratic than the stodgy old municipal style ? For relevant discussions, see <http://www.ippr.org/research/index.php?current=22&project=54> and <http://www.designsondemocracy.org.uk/> and James Woudhuysen, 'Space men invade UK offices', *IT Week*, 8 July 2002, available on <http://www.itweek.co.uk/Analysis/1133312>

41 Anthony Giddens in England and Jurgen Habermas in Germany are the just two representatives of the school of what Giddens has called 'dialogic democracy'.

42 There is a growing literature on face recognition. See for example Oliver Sacks, *The man who mistook his wife for a hat*, Duckworth, 1985; Andy Young and Vicky Bruce, *In the eye of the beholder: the science of face perception*, OUP, 1998; Jonathan Cole, *About face*, MIT Press, 1998. Since 11 September 2001, IT-assisted face recognition at airports has become a priority for the US government. There can be no doubt that face recognition and synthesis will be as important to the future of IT, and indeed e-democracy, as cameras, scanners and on-screen icons are today.

43 John David Bolter, *Turing's man: Western culture in the computer age*, Duckworth, 1984.

Internet, the balance of expert opinion has shifted from favouring computers to favouring telecommunications as the key 'driver' of what is going to happen: ⁴⁴

Just a selection of technological-determinist theories of the future

Date published	Author(s)	Key concept:	
		around Information	around Communication
1962	Machlup	Knowledge economy	
	McLuhan		Gutenberg Galaxy
	McLuhan and Fiore		Medium is the message
1971	Touraine, Bell, Toffler	Post- or super-industrial society	
1982	Naisbitt		Integrated information and communication system
1990	Gilder	Global quantum economy	
1996	Castells		Network society
1997	Mulgan		Connexity
1999	Leadbeater	Living on thin air	
2000	Cairncross		Death of distance
2000	Rifkin		Age of access
	Bard and Söderqvist		Netocracy
2001	Castells		Internet Galaxy

Democracy, we must remind ourselves, is however a political question, not a technical one. The remote interactivity fostered by IT and/or ICT does democracy no special favours. Democracy is about debate, and IT can assist in debate. But democracy is also about power and interest in the real world, not just conversations in the electronic one.

⁴⁴ The table draws on James Woudhuysen, 'Before we rush to declare a new era', in Geoff Mulgan, ed, *Life after politics: new thinking for the twenty-first century*, Fontana Press, 1997. Biological theories of the future, which I touched on in my previous article, are beyond the table's scope. We should note, however, that advocates of e-participation also insist on correlating it favourably with the *self-organising systems* beloved by theorists of *complexity* based at the Santa Fe Institute.

5. *Neuroses about e-democracy miss the point*

Just before concluding, let's look at some worries about e-democracy that turn out, on brief inspection, to be superficial.

Technological stagnation / the irrelevance, to youth, of the 'Government' brand

'Citizens expect to be able to use new technologies to participate in all ways, including voting, and the Government has a responsibility to respond.'⁴⁵

'The concern is that local political processes will increasingly be perceived as technologically out of touch and will consequently be seen as irrelevant....

'Moreover, the younger generation continues to take to the networked world in especially large numbers....'⁴⁶

As far as I can tell, citizens are not bursting to participate in government-led participative discussions. Equally, the problem with local political processes is not that they are *technologically* out of touch, but rather that they are politically out of touch. As in the world of products, politics and Government cannot be made sexier simply by re-branding it as high-tech.

Fraud

In common with the general *zeitgeist*, security and safety are seen by Government and other advocates of e-voting as the main problem with it. Indeed, the Government takes the case for e-voting as read: its pilots are mainly designed merely to improve the security of the process, which is thought unexceptionable.

What is missed in all this is that *an electoral system that does not require voters actually to turn out and vote – indeed, encourages them not to bother presenting themselves at the polling booth – encourages vote rigging*. Buying votes also becomes easier: if it is possible to log on from your PC and check that your vote has been correctly recorded, it is also possible to prove to a third party that you have voted in the way they requested. With the old-fashioned ballot box, it is impossible to prove how individuals actually voted. The box makes buying votes an impossible exercise.⁴⁷

An outbreak of Hactivism

Despite its hopes that e-participation can bring citizens together in new relationships with each other, the Government is deeply worried about people doing this *out of sight*:

'Inevitably, if people are interested in the world around them, technology will become a tool through which they will try to influence the decisions that affect them. *It is essential that government is prepared so that ICT supports and enhances our representative democratic system rather than undermines it.*'⁴⁸

But where are the single-issue campaigns that have really benefited from the Internet? Eliding expert hackers with political action, the influential Green thinktank, Forum for the Future, flatters the environmental movement when it hails 'the rise of Hactivism'.⁴⁹ Yet the fact is that campaigners against globalisation are currently in political decline, whatever their ingenious use of IT.

45 Office of the E-envoy, op cit, Section 2.3.

46 IPPR, op cit, p14.

47 Here I have followed William Hudson, 'Vote and click', *The Guardian*, Feedback section, 12 December 2002.

48 Office of the e-Envoy, op cit, p6, my emphasis.

49 Paul Miller, *Open policy: threats and opportunities in a wired world*, Forum for the Future, 2002, p5.

The Digital Divide

'ICT has the potential to break down social, geographic, physical and economic barriers to people's participation in democratic processes. Without action by the Government, political parties and civil society organisations, however, these tools could become an additional barrier for people who are already excluded.'⁵⁰

It is true that poor people and others will not always be able to afford or grapple with new channels.⁵¹ But to solve this problem we need to spend money fixing social equality and adult education. That would be more productive than worrying about IT poverty and illiteracy undermining e-democracy.

Privacy and surveillance

'As for e-participation, the Government recognises that the policy-making process works best when conducted as openly as possible. However, it is vital to respect people's requests for privacy when they contribute to the process. The Government's existing policy on written consultations is that individual contributions should be available to anyone who asks for them, unless the contributor has asked for confidentiality, or unless publication would unfairly affect third parties' interests or privacy. The Government proposes that this principle be extended to e-participation.'⁵²

'A sense of freedom from surveillance and intimidation is important to democratic politics. In the digital age, privacy can be impacted by the data-gathering practices of local authorities. Consequently, it is important that authorities both respect privacy in any e-participation activities and communicate clearly their data gathering practices to the citizen.'⁵³

The privacy of the ballot box is worth preserving. But it is difficult to believe that these two rather complicated pronouncements will inspire trust about electronic privacy. On the other hand, worries about electronic privacy are probably overdone. Most people have little to hide, and take a relatively relaxed, grown-up point of view about other people knowing their private affairs. If anything, the new trend, as we all know, is to *go public* with one's private affairs and to *disclose emotions* as often as possible.

50 Office of the e-Envoy, op cit, p14.

51 Local Government Association et al, *The implementation of electronic voting in the UK: research summary*, undertaken by De Montfort University, May 2002.

52 Ibid, Section 2.5.3.

53 IPPR, op cit, p19.

6. Conclusion: the right expectations about the potential of IT

E-democracy is only an infant. The Government still has as many inhibitions about it as it does about freedom of information. But e-democracy is growing fast. There are calls for a National Centre of E-Democracy Excellence and the teaching of digital citizenship at schools. The BBC, which as we have seen was one of the suppliers contending to help the Government out with e-voting, has grandiose plans for e-participation. At the 7 November 2002 conference 'Beyond the Backlash', Caroline Thomson, director of public policy at the BBC, announced that it intended to help 'build communities through red buttons' – that is, those on TV remote control units. In 2004, the Corporation would launch iCan, 'a driving force for engagement in democracy' – a kind of internet *Watchdog*. Through iCan, viewers will, for example, be able to

- Browse the performance of their local hospital
- Email its employees about their health, their health needs, etc
- Message a live reporter on what next to investigate about it
- Email their MP about it.

Of course, Greg Dyke's BBC can be relied upon to provide all this in an impartial manner. But it is worth noting that, in recent months, supervision of the BBC by the Department of Media, Culture and Sport has become much tighter in areas as varied as youth TV (Channel 7), BBCi (its online service) and the digital delivery of the national schools curriculum.⁵⁴

Before joining the general rush to applaud e-democracy, therefore, we need to get serious about what we mean by democracy. After all,

- when property first became really popular in the UK, we were told we had a property-owning democracy
- now that the Internet is so popular, we are told that we should have e-democracy
- in January 2005, the individual right of access to information will be brought into force for all public authorities.

So over the next two years, there will be growing public debate about what might be termed the 'four Es' of democracy: *E-voting and E-participation, FreEdom of Information* and, we can be certain, *Entitlement cards*. But whether these four Es will really amount to a new Jerusalem must remain doubtful.⁵⁵

Today there is a growing idea that a McLuhanesque 'cool' medium like the Internet, or a *Pop Idol*, entertainment approach are proper models for politics. But that idea only works if politics can properly be reduced to 'bums on seats'. It cannot. It is the clash of ideals and interests, not an IT version of bums on seats, that will build true social cohesion and citizenship. But there is more. *Since the feelgood T2V massage of e-democracy makes for fear more than genuine therapy, it promises to delegitimize politics, public service and... IT. The BBC's plans show all too clearly how the broad sweep of e-democracy initiatives is to bring more Government into our lives. That will not help the cause of IT.*

We need to change our expectations about the potential of IT if we are not to let it down. State spending on IT could be directed, singlemindedly, to bringing about *agility in the delivery of everyday public services*. It could make the processes that citizens have to go through less bureaucratic, and better value for the taxpayer. It could take UK and EU regulatory burdens away from people, and, through some clever software, make the increasing legalisation of everyday life slightly less of a Dickensian nightmare. In so doing, it could boost the prestige of both government and IT.

These measures, not a fraudulent e-democracy, are what deserve support. Still, as we have just concluded, e-voting is on its way whether we like it or not. *What government can best do about e-voting is make it available but cut the cant, and the misplaced fears, too.*

⁵⁴ Gautam Malkani, 'BBC schools service to be under strict scrutiny', *Financial Times*, 10 January 2003

⁵⁵ A discussion on Freedom of Information is beyond the scope of this article. See <http://www.lcd.gov.uk/foi/foidpunit.htm>. However, it is not exactly encouraging that, since its fourth meeting on 16 October 2002, the Lord Chancellor's Advisory Group on implementation of the Freedom of Information Act has yet to publish minutes of its deliberations. See <http://www.lcd.gov.uk/foi/impgroup/20021016.htm>

What about e-participation ? Of course the Internet has facilitated the creation of new political debate. This is good, and something that does need to be built on. But there are two things that need to be remembered if e-debate and the IT it relies on are not to be discredited. The first has been raised by the IPPR:

'Use of moderators: E-participation, particularly as it relates to online group interaction rather than simply e-communications between individual citizens and their local authority, requires moderation. Moderation by an independent official can ensure that e-participation stays focused and useful and that any participation rules and guidelines are observed in practice. This can maximize the value to all involved, provided the role and behaviour of moderators is explained to participating citizens.'⁵⁶

Even in the private sector, not many people really know how to manage e-debates. For such debates not to be held hostage by idiots, moderators are, as the IPPR rightly stresses, more than necessary. But no 'official' chosen to moderate is really 'independent', as the IPPR assumes. That is why it is so very accurate when it says that the role and behaviour of moderators must always be explained. That much has been evident since Romans first asked the great question, *Quis custodiet custodios ipsos ?* – Who guards the guards ? With this important proviso, there is no harm in government, including local authorities, spending money on well-organised, well-moderated public debates.

The other thing about e-participation has been raised by the Office of the E-Envoy. It is this:

'Responsiveness – listening and responding to people
 'People will only want to participate seriously if they believe that their contributions will have an effect on policies and decisions. E-participation will need to be integrated into the formal policy-making and decision-making processes [sic], and government and representatives must show their commitment to listening to and learning from contributions, and should respond to them in a timely and transparent way....
 'The Government's existing policy on consultations, which also applies to online consultation, is that contributions to written consultations should be analysed carefully and with an open mind, and that the results of the consultation be made available with an account of the views and reasons for the decisions. As to other forms of e-participation, the Government will set standards for responsiveness and will consider how the required skills, attitudes, technologies and resources should be put in place to manage increased participation.'⁵⁷

Did you get that ? Attitudes toward responsiveness will be 'put in place'. If this is the standard by which consultation will be moderated, opacity looks like being on the order of the day. But the key message here is that the government can do the opposite of what the people it consults say, as long as it says why.

Fine. But then, no matter how *quick* the 'responsiveness' of the authorities, *every aspect of e-participation, should be properly announced as what it is: a talking shop.*

It would be a step forward if and when the Government and local authorities *head each screen of e-participation with a health warning* to this effect. At the moment, however, the IPPR has found the reverse to the case. It encountered six local authorities that ran online consultations. All six told it that they had posted up a clear, public commitment to responding to these consultations; but, in practice, all six ran websites that did nothing of the sort.⁵⁸ At present, then, local authorities seem to prefer the dishonest policy of claiming to be responsive to the honest one of admitting that they do not need to be.

There will be nothing wrong with state-funded talking shops. We need more of them – as long as every e-participant participates with no illusions about their limits.

⁵⁶ IPPR, op cit, p19.

⁵⁷ Office of the e-Envoy, op cit, Section 2.5.4.

⁵⁸ IPPR, op cit, p25