Changing conceptions of governance

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INTRODUCTION

Not since the formation of nation-states in the 1700s in the West has there been such a fundamental rethink about the nature of "the state", that strange agglomeration of institutions that society has granted the exclusive right to govern society (Held 1992). The World Bank's recent World Development Report, for example, is called *The state in a changing world*, reflecting that institution's concern to defend its neo-liberal position within the context of a debate where the trend is in the opposite direction. Mainstream think-tanks around the world are being requested by governments to come up with new ways of thinking about the role of the state and how it should be organised. And social movements from every corner of society are mobilising against neo-liberal orthodoxies and various kinds of authoritarian oppression and calling for new decentralised modes of democratic governance that foster community formation and resource mobilisation (Mander & Goldsmith 1996).

CONTEXT

The reasons for the rethink of the role of the state lie largely in the massive changes taking place in the distribution of power at the global, regional and local levels. The following developments indicate the extent of these shifts:

- the collapse of "communist states" and the end of the Cold War;
- the globalisation of economic relationships via the massive rise in the absolute volumes of international trade and the creation of globally constituted governance structures such as the World Trade Organisation;
- the rise of new economic power blocs (EU, Nafta, Asia-Pacific Rim and China in and of itself);
- the reconfiguration of local power relations as local political economies get reconstituted by changing local and non-local spatial relationships (Swyngedouw 1989);
- the impact of the information technology revolution on virtually every...
aspect of industrial and urban life in a way that simultaneously brings millions of people under the auspices of centralised information regimes and languages, and decentralises them into increasingly autonomous organised networks that no-one controls directly (Castells 1996);
• massive increases in inequalities within developing and developed countries and between developed and developing countries (especially in Africa) (Castells 1996);
• the increasingly devastating consequences of the ecological crisis, in particular for women and children (Cobb 1992);
• the rising power of organised crime across the world, with some countries in Latin America, Africa and Eastern Europe now governed almost entirely by crime syndicates; and
• the rising significance of associational forms of organisation in civil society in developed and developing countries – a phenomenon that is partly due to the absence of state and market mechanisms for sustaining livelihoods, welfare, security and cultural expression (Castells 1996).

Taken together, these power shifts that operate simultaneously on a global, regional and local scale are only mildly affected – at best – by the capacity and authority of the average nation-state. Ironically, globalisation pushes nation-states into regional pacts (EU, SADC, Nafta) and global institutions (WTO, World Bank, UN, etc), and it also fragments national economies into increasingly isolated local economies presided over by local governments. This explains the massive rise in significance over the past years of local governance (Stren & Bell 1995; McCarney 1996; Swilling 1997). Local governments, regional pacts and global governance institutions have become the arenas of power politics. It is not surprising, therefore, that in this context governance is being rethought.

CHANGING PARADIGMS

When it comes to thinking about the changing nature of governance, two questions are worth asking.

• What is the role of the state in the economy and society?
• How are state institutions organised?

These questions are useful because they help to define appropriate answers to the right questions. Too often in contemporary South African debates problems are blamed on what is perceived to be an incorrect definition of the role of the state when in fact the real problem may be an inappropriate
organisational arrangement of state institutions. For example, the slow pace of development is blamed on the minimalist role played by the state. The solution, it follows, is to spend more money. However, spending more money via inappropriate organisational structures and processes will not necessarily make any difference. Conversely, more could be done with less by changing the way things are done. It follows, therefore, that by narrowing down the debate about the state to its role obliterates space for generating more creative solutions.

It is possible to divide the way the role of the state has been defined and how it has been organised into four broad phases. This is a crude set of generalisations that set up a series of pictures for thinking through the challenges that face us today.

THE CLASSICAL STATE
Role of the classical state
The classical state existed in various forms from about the 1700s right up until the start of the twentieth century. Initially merely a small committee of revolutionaries that monopolised power after overthrowing the colonialists (in the Americas) or the feudal lords and church (in Europe), these committees rapidly mushroomed into sophisticated instruments of state power. In some developing countries, the independent secular nation-state was only created in the twentieth century following decolonisation or territorial consolidation (Held 1986).

The role of the state in classical political economy (expressed most clearly by the classical liberal economists) was defined in minimalist terms. Minimalism was accepted largely uncritically by the political theorists who defined the state's role as limited to providing a social contract that defined the rules of the political game for citizens, political parties and the application of the rule of law. This was seen as providing the necessary framework for the operation of the market wherein private individuals entered into contracts for the purpose of mutual gain. It was almost unthinkable for most of the founding political theorists that the classical state would play a direct economic or social role.

Organisation of the classical state
The organisation of the classical state was structured by those who had
access to its offices. Initially, this was the educated aristocracy (or the new professionals) whose access to state positions was due to their social standing. Later, the basis for access shifted to wealth. The result in both cases was an intimate and close relationship between the new capitalists and the people who controlled the instruments of government. These links were established by kinship, educational background, social club and business relations. The organisational structures that flowed from this were ad hoc and arbitrary, uncodified in law and tightly controlled by powerful power brokers located in key positions in the political executive, the legislature and the bureaucracy (Raadschelders & Rutgers 1996).

The European nation-state owes much of its origins to the city state. Not only did Plato’s Republic set up the imagery of the governance of Athens as the classical model, but many of the revolutions against feudal power were largely city revolutions that became the basis for the construction of secular nation-states later on as wide territories came under the aegis of city-centred regimes. Colonial power was also largely rooted in a single colonial city with dispersed decentralised controls manipulated from the centre. This did not change substantially after decolonisation, except in very large countries like India where federalisation built on and (re-)created a multiplicity of cities within which the national and regional state systems were located. The point, however, is that the early classical state was effectively a city state that came to incorporate a nationally defined territory. It is therefore difficult to refer to a specific theory of local governance in the classical writings distinct from non-local forms of governance, nor is it possible to refer to a systematic body of law and knowledge about how best to organise local governance within a multi-tier system because where this existed the debate was largely about how to organise the meso level (federal states/provinces/regions) within Federations like the United States, Australia or Nigeria. Nevertheless, it is fair to say that village-, town- and city-level governance has persisted across all societies in various forms for thousands of years. This tradition helps explain the tenacity of this level of government in the face of repeated threats, in particular as nationally constituted political elites decided to constitute national policies during the founding decades (and in some cases centuries) of the classical state.

THE INTERVENTIONIST STATE

Role of the interventionist state

The interventionist state has taken basically three forms. First, there is the
welfarist state that was driven mainly by popular demands for increased state intervention in the provision of social welfare. This is the mode of intervention that was common in Western Europe, the Scandinavian countries and North America. Second, there were the Asian NICs where popular pressure from below was weak or suppressed, and therefore state intervention was not about expanding social welfare, but about intervening to build an indigenous industrial economic base in countries where capital formation was at a low level and the national bourgeoisie were relatively weak. Third, there was the mode of state intervention that characterised "actually existing socialist states". Although these states shared the Asian NIC goal of accelerated industrialisation, it was assumed that this could best be achieved via state ownership of the means of production. The discussion below refers primarily to the first mode of intervention, but with the second mode in mind.

In the developed world, it was popular direct action by poor and working people and the rise of the middle classes that resulted in a rethink of the classical state. After winning universal franchise, the former became the social base for socialist and social democratic demands that the state intervene in the society and economy to secure the general welfare of the majority. In the name of the "neutral state" and "puritanism", the middle classes mobilised against the exclusive access to political and bureaucratic power that the old elites enjoyed. The result was the rise of two movements: social democracy expressed most clearly in the economic theory of John Maynard Keynes; and socialism expressed in movements inspired by Marxism.

Keynesians and Marxists both accepted that the state needed to be seen as the primary and central instrument for improving the general welfare of the population. The mechanisms were state intervention in the economy to secure full employment and state provision of social services to secure an adequate level of welfare (health, education, social welfare, etc). The only real difference was that for Marxists this could only be achieved if the state also owned the means of production — a step that the Keynesians were expressly trying to avoid by marrying welfarism with capitalism. Nevertheless, this general conception of the state was the underlying theory of political economy that inspired the general conception of the state was the underlying theory of political economy that inspired the generation of people that built the social democracies and socialist states after World War II. They occupied the moral and political high ground for over thirty years.
The rise of self-determination and independence of the developing world from at least the Chinese Revolution and Indian Independence onwards was premised on an unquestioned assumption that the state was the most powerful and central instrument in the hands of the new governors for securing the general welfare of the population and promoting economic growth and development (Helmsing 1995). However, these two objectives of intervention were never given equal weight. Although this is a massive generalisation, it is possible to say that whereas for the Asian NICs state intervention was primarily about growing the industrial base, in Africa this goal was often seen by African governments as subordinate to securing expanded social welfare via education and health provision. Nevertheless, the shared assumption that state intervention was the most important condition for accelerated development dominated political and economic thought and practice right up until the late 1970s, and in South Africa and the Czech Republic into the 1990s (Hopkins & Wallerstein 1996). As Thomas and Grindle put it, development management during the post-World War II decades up to the 1980s was largely about extending the role of the state, and it was only from the 1980s onwards that the opposite trend was evident (Grindle & Grindle 1991). After all, it was a Republican president, Richard Nixon, who said in 1972: “We are all Keynesians now.” Not even a Democratic president could say that today.

Organisation of the interventionist state

The organisational concepts that informed the way states were organised in social democracies, regime-driven industrialising states (Asian NICs) and socialist states were remarkably similar. All accepted a general wisdom that had its roots in the writings of Max Weber and Frederick Taylor, namely that hierarchically structured bureaucratic organisations were the generic norm (Morgan 1986). Both assumed that increasing complexity must be complemented by increasing bureaucratisation and specialisation for the purposes of coordination. The centrality of the legal profession in the propagation of this norm was unsurprising, given that it was this profession that best expressed the moralistic and rationalist values of the rising middle classes (Young 1958, 1965). By the 1920s, but escalating rapidly after World War II, it was generally accepted that the best way to organise states was on the basis of vertically integrated multi-layered centralised bureaucracies held together by downward-flowing paper-based directives and upward-flowing paper-based reports. The result was large mechanistically designed pyramidal bureaucracies presided over at the apex by the new professionals created by the internationalised university movement. They were schooled in
the basic principles of classical public administration: the public servant is neutral and reports upward to the government of the day (the Westminster principle), and his/her role is to administer downwards the implementation of policy set by the political decision makers (the Woodrow Wilson doctrine) (Fasler & Kettl 1991). (For critical reviews see the contributions to Fitzgerald, McLennan and Munslow 1995 and in Moharir 1995.)

Given the role assigned to the state by Keynesian economic theory and the underlying Weberian assumptions about organisation and management that became accepted general wisdom from the early decades of the twentieth century onwards, it is unsurprising that the expanded role of the state in economic and welfare functions was organised via vertically integrated bureaucracies with specialist functions. As the tax base expanded in many developing countries after World War II, so these bureaucracies were able to grow incrementally in size and extend their socio-economic roles. They generally defined the needs they were meeting in generalist universal terms and their services were uniform mass-produced service units (national health, mass housing, mass transit, etc). The professional ethos inculcated the view that only the professionals had the knowledge and tools to comprehend the complex needs of urbanised and industrialised societies and therefore an arms-length relationship from the service user was perfectly justifiable. (For a historic review of the intentions of educational socialisation of public servants, see Bourdieu 1989, 1996. For a critique from two different value perspectives see Osborne and Gaebler 1993 and Plume and Moore 1995.) Translated into a developing world context, this approach and ethos resulted in the notion that all this could be achieved by investing heavily in the production of professionals (trained mainly at Western universities) and by setting up centralised bureaucracies for them to run. As Helmsing pointed out, this was the statist rationale that paved the way for centralised service delivery systems without the resource or capacity base to make it happen (Helmsing 1995).

THE NEO-LIBERAL STATE

Role of the Neo-Liberal State

By the early 1970s, the longwave post-World War II economic boom had begun to come to an end. Triggered by the oil crisis, the economic slow-down put pressure on tax revenues which, in turn, diminished the pool of resources that centralised service departments were able to draw on. For the first time since the 1950s an entire generation of public managers and
politicians had to face up to the prospect of limited – and even zero or negative growth – increases in public expenditure. That government was no longer just about doing tomorrow what was done yesterday plus inflation was a painful realisation.

The first mainstream response in state institutions to the fiscal crisis of the state was not to rethink the role of the state (which only came quite a bit later from outside the mainstream), but rather to rethink how it was organised. The rising popularity of the private sector “scientific management” movement, expressed most clearly in the virtual mass production of the “MBA” graduate, began to influence public sector perceptions of organisational design and development. The result was the entry into the public sector of a new generation of generalist managers who began to replace the old specialist professionals. The first objective of generalist managers was to replace rule-based accountability with financial accountability and in the process the accounting profession replaced the law profession as the dominant group in many public sector organisations. For the new generalist managers and their accountants, effectiveness achieved via results-oriented planning and reporting against budget lines was seen as the best way of “cutting the costs” of service provision. Theirs was the language of strategic planning, management-by-objective, market positioning, and the managerial ethos of the powerful chief executive. In other words, the first response to the fiscal crisis was to assume that without changing the role of the state or jettisoning its responsibilities, it would be possible to do much of what had been done in the past, but in a very different way. This, however, did not last very long, but it did last long enough to allow private sector management to dislodge the dominance of classical public administration in state institutions (Ranson & Stewart 1994; Murray & Bennington 1992; Swilling & Wooldridge 1997). And this, in turn, prepared the ground for the neo-liberal revolution.

By the late 1970s neo-classical economists had succeeded in their primary objective, namely to discredit the Keynesian definition of the role of the state in favour of a return to the minimalist state. The argument was quite simple: whereas the Keynesian virtuous circle rested on the assumption that expanded service delivery would increase productivity which, in turn, would stimulate growth, which would then create the tax base for financing expanded service delivery via the state, the neo-liberal argument reversed this circle and started from the assumption that economic growth could only be realised by shrinking the tax base. This, however, could only be achieved by withdrawing the state from its role in the economy and in social service
delivery. In other words, the Keynesian connection between human
development supported by state-provided service delivery was removed as a
condition for economic growth. Instead, and this is where public choice
theory has had such a massive impact, it was assumed that services are best
provided by a multiplicity of private sector organisations operating in
accordance with market principles. Public choice theory argued that if it is
accepted that citizens “voted with their feet”, it follows that maximising
choice will increase effectiveness and efficiency and that this could only be
achieved by smashing state monopolies. The result would be the
achievement of the public choice ideal of “voice, exit and choice” expressed
by individuals via the market. (For a review of the rise and fall of the “new
public management” see Minogue, M, Polidano, C and Hume, D 1998.)

Ironically, the conservative political parties that won the key general
elections in the late 1970s and early 1980s in the developed world succeeded
by mobilising popular grievances against the way the old state bureaucracies
and their reformed scientifically managed successors were organised. The
cold, unresponsive, unfriendly, grey and expensive bureaucrat who provides
services that we do not need in return for taxes we don’t want to pay became
public enemy number one, as these neo-liberal political agendas tried to
mobilise political support for a neo-liberal macro-economic policy. In other
words, they exploited the problems with the way the state was organised in
order to build a popular mandate for redefining the role of the state. (For a
similar argument see Ranson & Stewart 1994.) This ideological sleight of
hand was so successful in places like the UK, USA, New Zealand and some
European countries that it enjoyed nearly 20 years of uninterrupted
hegemony. It was, however, an incomplete project.

The impact in the developing world of the demise of the welfare state and
eventually of the socialist alternative has been devastating. By the early
1980s many developing countries (especially in Africa) were reeling from the
consequences of low growth and debt. The origins of this go back to the oil
crisis which may have triggered a fiscal crisis in the developed world, but for
many countries in the developed world, it meant access to the petro-dollars
(the huge reserves that the Middle East oil sheiks were building up from
their newfound profits) that were piling up in Western banks without
outlets. The dumping of petro-dollars into badly managed and often
authoritarian developing countries (and rationalised by modernisation
theory) never resolved the development problem in these countries, it merely
delayed the pain. As the debt defaults began in the early 1980s, the private
banks managed via their respective governments to transfer the debts to the
World Bank. The latter agreed, on condition developing countries fundamentally changed their economic policies. When it came to asking what this meant, it was not Keynesian orthodoxy that was recommended, but the new so-called "Washington consensus", that is, withdraw the state from the economy and social service delivery, shrink the tax base, re-stimulate growth via private investment, and let the market respond to social needs. Neo-liberal economic theory, plus the new bulk lending instruments called structural adjustment that replaced project management instruments in the World Bank, became the framework for forcing many developing countries into accepting policy options that had, in fact, emerged out of the specific political and economic conditions in the developed world.

Organisation of the Neo-Liberal State

But what did the neo-liberal redefinition of the role of the state mean for how the state should be organised? As I will show, the key organisational principles that have been associated with the neo-liberal state derive from public choice theory at the meta-theoretical level, and the so-called "new public management" at the operational level. However, it would be a mistake to reduce the explanation of how the neo-liberal state was organised to how its role was defined. There is no automatic direct linkage between the neo-liberal definition of the appropriate economic role of the state and the new public management. Although they are both premised on a faith in methodological individualism and the efficiency of markets, the new public management and its inspiration in public choice theory has narrowly addressed itself to the operational question of how best to organise public sector institutions on the assumption that there is consensus about the need for a minimalist state. Even where such a consensus did not exist, the "new public management" was used as a body of principle to tackle problems unrelated to the role of the state, for example delegitimation, political realignment, perceived inefficiency, protests from un(der)-serviced constituencies, or the need to leverage private sector investment into public service provision (Bekke, Perry & Toonen 1996).

We have already seen how private sector management principles had begun to influence public sector approaches from the early 1970s. Scientific management, however, was under threat from public choice theory that was critical of the large corporate cultures that private sector management theories did not undermine. Instead, a far more radical approach emerged in response to rising fiscal pressures and sustained low growth rates. Heavily influenced by public choice theory and the private sector management
strategies that were emerging out of the total quality management movement, the so-called “new public management” of the mid- to late-1980s argued that the challenge was not about how to deliver public services more *effectively* via better management, but rather the objective was *efficiency* via the complete re-organisation of the state in order to get rid of economic responsibilities and jettison the obligation to render social services directly. In practice this meant wholesale privatisation, deregulation and decentralisation. (For an uncritical normative and influential perspective see Kaul 1997.)

The organisational principles of the “new public management” are best captured in the classic text by Boston et al that emerged out of the New Zealand context because this is where the “new public management” has been taken to its logical and almost complete conclusion (Boston, Martin, Pallot & Walsh 1991). The key organisational principles of the “new public management” as drawn from this text are as follows:

- The government should only be involved in those activities that cannot be more efficiently and effectively carried out by non-departmental bodies.
- Any commercial enterprises retained within the public sector should be structured along the lines of private sector companies.
- The goals of governments, departments, [parastatals] and individual public servants should be stated as precisely and clearly as possible.
- Potentially conflicting responsibilities should, wherever possible, be placed in separate institutions.
- There should be a clear separation of the responsibilities of Ministers and department heads.
- Wherever possible, publicly funded services, including the purchase of policy advice, should be made contestable and subject to competitive tendering.
- Institutional arrangements should be designed to minimise the scope of provider capture.
- Preference should be given to governance structures that minimise agency costs and transaction costs.
- In the interests of administrative efficiency and consumer responsiveness, decision-making powers should be located as close as possible to the place of implementation.

These organisational principles stem from a set of values and notions of organisational behaviour that have been inspired by public choice theory. These are, in essence, as follows:
• a belief that, at least from the standpoint of management, there is a great deal of common ground between public and private sectors, hence public and private organisations can, and should, be managed on more or less the same basis;
• a shift in emphasis from process accountability to accountability for results (for example a move away from input controls and bureaucratic procedures, rules and standards to a greater reliance on quantifiable output [or outcome] measures and performance targets);
• a renewed emphasis on developing management skills throughout the public sector, and not just in the service delivery agencies – this applies equally to the policy ministries;
• the devolution of management control coupled with the development of improved reporting, monitoring, and accountability mechanisms;
• the disaggregation of large bureaucratic structures into quasi-autonomous agencies, in particular the separation of commercial from non-commercial functions and policy advice from delivery and regulatory functions;
• a preference for private ownership, contestable provision, and the contracting out of most publicly funded services;
• a shift from relational to classical modes of contracting (i.e. from long-term and generally poorly specified contracts to shorter-term and much more tightly specified contracts);
• the imitation of certain private sector management practices such as the development of strategic plans, performance agreements, and mission statements, the introduction of performance-linked remuneration systems, the development of new management information systems, and a greater concern for corporate image;
• a preference for monetary incentives rather than the non-monetary incentives – power, status etc that have been the hallmark of public service, and
• a stress on cost-cutting, efficiency, and value for taxpayers money.

When implemented as an integrated model backed by a powerful political centre, this body of principle and values has, as in New Zealand, led to a fundamental revolution in the way state institutions are organised and managed.

The Neo-liberal agenda paid extensive lip service to decentralisation, but the outcome has not been the empowerment of local government. This is true for developed countries (Game 1997) and developing countries (Swilling 1997). The reason for this contradiction is that decentralisation to
autonomous local specialist service agencies quite often bypassed local government, or alternatively functions (and even powers) were decentralised without the simultaneous transfer of financial resources to local government. This, in turn, often led to the conclusion that if local government did not have the money to do what it should do, then the function might as well be privatised – a process that further undermined the centrality of local government in urban governance. Part of the reason for the disempowerment of local government by the neo-liberal agenda lies in the fact that local governments tend to get too close to vocal local constituencies with basic unmet needs that encourage fiscal populism rather than restraint. Countering this has often entailed the transfer of functions to non-local government bodies while simultaneously calling for greater decentralisation. (See Helmsing 1995 for a review of these trends in OECD countries and in East and Southern Africa.)

BRINGING THE STATE BACK IN: TOWARDS DEMOCRATIC GOVERNANCE?

The Neo-Keynesian Construction of the Role of the State

The most significant and interesting feature of the current debate about the role of the state in developing and developed countries is that there is growing neo-Keynesian acceptance of the need to “bring the state back in”, but without re-establishing the old vertically integrated public service bureaucracies or modes of direct economic intervention. Not surprisingly, it has been realised that it will only be possible to “manage capitalism” (to use the jargon) without going back to state ownership and/or state provision by rethinking “regulation”, that is legal instruments to reconfigure economic relationships. There is remarkable interest all over the world today in new ways of designing legal regimes that increase the regulatory capacity of the state to realise public policy objectives without increasing the costs of state intervention or reintroducing institutional “inefficiencies” (the euphemism for state ownership). The turn to regulation and a developmental role for law, therefore, reflects the fact that neo-Keynesian constructions of the role of the state are searching for a way of intervening without resurrecting statist ghosts. Unfortunately, although the renewed interest in regulation is positive, this is clearly a different matter to finding a set of organisational principles that must go beyond the “new public management” without returning to a Weberian golden age. This section will briefly reflect the neo-Keynesian redefinition of the role of the state, but will proceed to link this to the emerging discussion of the kinds of organisational principles that will be
required to design and manage the kinds of public sector institutions which will sustain this new role.

It may be worth reflecting on a key popular neo-Keynesian text called The State We’re In – a text that reflects the aspirations of the Blairite Government in the UK:

Throughout the twentieth century a different account of the behaviour of markets and of wealth creation has been struggling to establish itself. There is a long line of democratic non-free market economists who have insisted that unmanaged capitalism is inherently unstable as a system and that successful enterprise is a social rather than an individualist act. To visualise the firm as an organisational natural savage combining capital and labour in a pitiless competitive struggle, which requires no state intervention, management or regulation to produce the best result, is the legacy of an historic world view justified neither in theory or practice. We have looked at the shortcomings of the theory; but also in practice the twentieth century is littered with great inflations and violent oscillations of economic activity which reinforce the criticisms of free-market economies.

Michael Todaro (1994: 565-593) used almost identical terms to describe the shifts taking place in Latin America when he wrote in his most recent updated textbook:

The difference between this sort of active government presence and old-fashioned statism lies in the fact that what is stressed now is a decentralised, smaller government that opens channels for the private sector and organised labour to participate in the decision-making process. Discussions in Latin America today focus more on decentralised development, social pacts, and concerted action and less on an omnipresent state role or the advocacy of unrestricted free markets.

More radical critiques of the neo-liberal state argue that minimalism allows for the unchallenged hegemony of the international financial institutions and multinational corporations (Leftwich 1993; Schmitz 1995). Leftwich argues that contrary to the expectation that democratisation coupled to the neo-liberal definition of the minimalist role of the state will lead to political stability and increased economic growth, the granting of equal democratic rights to citizens who live in highly unequal societies is a recipe for political conflict and instability. He points to the extent of state intervention in the
Asian NICs and questions whether this would have been possible if these states would have been required to behave democratically or minimalist-cally. The dilemma that the state in the Philippines faces today is precisely how to marry its commitment to becoming a new Asian NIC, with its adoption of a World Bank structural adjustment programme that prohibits the kind of state intervention that existed for decades in the Asian NICs (Swilling, Cashdan & Schutte 1996).

Suffice it to say that the trend is not towards greater consolidation of the neo-liberal definition of the role of the state, but rather towards greater recognition of the need for state intervention to resolve the great problems that the neo-liberal state was expressly designed not to tackle, namely issues such as increasing inequality and social exclusion, the power of organised crime, the ecological crisis, transnational migration and the impact of information technology. Recent literature that organises itself around the concept of governance has attempted to grasp these new realities (Kooiman 1993). (For the best review of the governance paradigms, see Peters 1996.)

Organising the Neo-Keynesian State

The critique of the new public management emanates from a wide range of sources who are responding to a range of issues and consequences that flow from the implementation of the principles of the new public management.

For Henry Mintzberg (1996), the new public management is premised on three “myths” First, that particular activities can be isolated, from one another and from direct authority. Coming as it does from the private sector, this conception of the divisionalised corporation is inappropriate in the public sector because for it to work the policy-making process would need to be structured around issue-specific policies for implementation by single purpose agencies. Unfortunately, this is not how most political leaders and policy makers think and operate. Second, that performance can be fully and properly evaluated by objective measures. Mintzberg argues that measurement in the public sector has failed and that this failure is attributable to the fact that public services have remained in the public sector precisely because it is very difficult to ascribe a single value to a particular activity and measure it. Third, activities can be entrusted to autonomous professional managers held responsible for performance as stipulated in performance contracts. This has resulted in the deterioration of service delivery as professional managers take over and transform the organisational culture from one rooted in public service to one that is based on the so-called “efficiency of the market”. The end user is no longer
someone with real needs, but a customer who will be serviced if s/he can pay. This may make sense for a private sector manager, but it contradicts a traditional public service value system which stems from the human rights notion that citizens are entitled to certain basic minimum conditions of life that the state must guarantee.

Maureen Macintosh (1977) has argued that the new public management reproduces inequalities by forcing frontline workers to meet performance targets that have been set by management rather than allowing them the space to respond to the actual needs of each local context. She argues this has a particular gender dimension in the health and education services where well-paid largely male managers at the top end up specifying what poorly paid largely female frontline professionals (teachers and nurses) should be doing and not doing. When this practice is placed in its class, gender and racial context, she argues, then it becomes apparent that the new public management has effectively reproduced within the public service the same class, racial and gender divisions that pervade society as a whole.

Dror (1997) has the most devastating critique of the new public management when he argues that it has resulted in the reduction of the role of the public manager to the reactive supplier of services to meet existing needs as specified in narrowly defined performance targets. This, he argues, has been coupled to the demonisation of the state by the neo-liberal perspective which has, in turn, resulted in public managers having no identity separate from their private sector counterparts. Dror argues that this model is incapable of building up a public service that can respond to the great problems of the age, from inequality, to global trade and the ecological crisis. He calls for the building of a new generation of public managers who are proactive, innovative generalists who understand their task as more than just service delivery, but as leaders of fundamental change – or what he calls a new “super professionalism”.

Two alternative models for organising the state have begun to emerge to replace the new public management. The first is what Swilling and Wooldridge (1997) (drawing from Murray and Bennington 1992) call the strategic governance model. This governance approach (Albo 1993) focuses on democratising internal work procedures, devolution of decision-making power, and incorporating civil society bodies into governance. While recognising the need for a strong centre in order to plan strategically, and perform functions such as the auditing of standards, advocates of this approach argue for the creation of participative work processes at every
level of the organisation. Techniques include the establishment of a counter-force to traditional line departments in the form of a strategic centre, shifting power to elected officials, loosening bureaucratic rigidities through establishing task teams for projects consisting of management, unions, end-users and community representatives, participative planning, and increasing the capacity of civil society to participate in decision making.

The governance model creates a strong policy-making and planning group at the centre which facilitates joint work between politicians and administrators. It advocates a strong front-line organisation with devolved decision-making power and decentralised operations. This substantially reduces the size of middle management, and requires the development of more direct communication channels between front-line staff and the strategic centre. The core competency of the strategic centre would be strategic management defined by Mark Moore (1995) as the capacity to manage in a way that meets three criteria:

- effective political validation and legitimation;
- adding substantive public value to society in general;
- administrative and operational feasibility.

The strategic governance model is similar to what Mintzberg (1996: 78–79) calls the "normative control model". In this model, the key organisational principle is the dedication and public service ethos of the public servants themselves, or to use Mintzberg’s words, it “is not about systems but about soul”. Instead of the buzz words “privatize, contract and negotiate” that capture what the new public management model was about, the keywords for the normative model would be “select, socialise and judge”. The key principles for this model are described best in Mintzberg’s words:

- Selection: People are chosen by values and attitudes rather than just credentials.
- Socialisation: This element ensures a membership dedicated to an integrated social system.
- Guidance: Guidance is by accepted principles rather than by imposed plans, by visions rather than by targets.
- Responsibility. All members share responsibility. They feel trusted and supported by leaders who practise a craft style of management that is rooted in experience. Inspiration thus replaces so-called empowerment.
- Judgement. Performance is judged by experienced people, including
recipients of the service, some of whom sit on representative oversight boards.

He goes on to say: “The agencies [departments] can still be isolated horizontally, but vertical control by the superstructure is normative rather than technocratic. The model allows for radically different micro-structures: more missionary, egalitarian, and energised, less machinelike and less hierarchical” (Mintzberg 1996). This mode of organisation and management may not be familiar to mainstream line managers in national public sector departments, but it is fairly common in small local governments, and the norm in many non-profit organisations, community-based associations and what Charles Handy calls “task oriented” organisations.

The reconstruction of the way state institutions are organised along the lines of the strategic governance and/or normative models may well need to proceed by placing local governance at the centre of this effort. Building upwards from the level of local governments may well be the “way in” to the question of a strategic and normative approach to the organisation of state institutions.

CONCLUSIONS

There needs to be a strong emphasis on strategic governance via an integrated political and managerial centre, where decision-making systems are premised on trust rather than competition between the elected political leadership and senior managers. Operational management systems are required that are based on programme teams, flattened hierarchies, strong interpersonal relationships and information technology. We must be moving towards complex service delivery systems involving a creative mix of public, private and non-profit organisations that are assembled to suit the specific features of each operating context rather than to conform to a predetermined “public-private” formula. We require a leading and learning organisational culture that will be created and nurtured via a concerted commitment to sustained human resource development strategies.

South Africa has a considerable way to go to in establishing a viable and effective state system based on the core principles of social justice, internal democracy and efficiency. It is hoped that the analysis above provides some intellectual beacons for this project. Its purpose, however, should not be misrepresented. Whilst the article sets out to compare various approaches to the role and organisation of the state, it must not be read merely to assert
one paradigm against a set of others that preceded it. The arguments are not intended to get the reader to accept uncritically a new vein of modish thinking that has supplanted a number of earlier intellectual traditions. On the contrary, the analysis is explicitly intended to force policy makers to begin to think deeply and critically about their project and the concepts that underpin it. This self-reflectiveness will only bear fruit if it is recognised that paradigms per se should never be totalising, or taken as permanently given. There is not one ideological perspective which neatly orientates both the function and form of the state: in other words, the organisation of government cannot be seamlessly read off from the role designated for it at the policy and structural levels. And, further, the approach taken to any one section of the state is by definition circumstantial and transient – today’s fervent commitments to a particular paradigm will inevitably (and must necessarily) be rethought tomorrow.

REFERENCES


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