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BUREAUCRATIC REFORM
AND
STATE INTERVENTION:
FROM GLASSCO TO PUBLIC SERVICE 2000

by

TERRY MILNE

A thesis submitted to
the Faculty of Graduate Studies and Research
in partial fulfilment of
the requirements for the degree of

Master of Arts

School of Public Administration

Carleton University
Ottawa, Ontario

July 7, 1992

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ISBN 0-310-64027-7

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and Research acceptance of the thesis

Title: Bureaucratic Reform and State Intervention:
From Glascoo to Public Service 2000

submitted by: Mr. Terry Milne

student number: 70302

in partial fulfilment of the requirements for the degree of
Master of Arts

Thesis Supervisor
Professor Rianne Mahon

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Sept 9, 1992
Date

ABSTRACT

This thesis examines major proposals for reforming the federal public service made in the last thirty years. It begins with the Royal Commission on Government Organization (Glassco) and ends with the recent Public Service 2000 initiative. The argument is that these proposals were a response by the state to changing rationales for policy intervention. They are not, therefore, mere suggestions for technocratic fixes, however much they may be presented and recognized as such. Rather, the reforms represent attempts to align the state administrative apparatus to two major policy "paradigms" of the post-war period. The first two cases, Glassco and Lambert, are thus seen associated with the Keynesian welfare state in Canada, while the final case, the PS2000 initiative, is part of a newly emergent mode of intervention.

The theoretical understanding that frames this study is based on two premises. First, the state is a capitalist state, and is thereby constrained by the socio-economic environment in which it exists. The second is that administrative processes within the state both shape and are shaped by interactions with this environment. This is reflected in the proposals put forward by each of the initiatives under discussion.

Acknowledgements

I would like to thank my committee members, Susan Phillips and Donald Swartz, and my supervisor, Rianne Mahon, for their patience, encouragement and commitment to this project.

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INTRODUCTION

While the linkages between the content of public policy and factors external to the state have been studied in detail, those between the "form" of intervention, or the organizational processes surrounding the formation of public policy and external factors are more often than not ignored. This study attempts to redress this imbalance by examining the relationship between administrative reform and external influences on the state. The focus of this study is on proposals for administrative change, and not on the examination of the entire range of practices of public administration. It explores the hypothesis that administrative reform initiatives are an important facet of changing paradigms of policy intervention.

This analysis is located in a neo-marxist theoretical framework, but includes insights from other approaches. Marxist state theory has contested the notion that a pluralist state represents societal demands in an unbiased way. It puts forward the notion that the state intervenes in a way that both furthers capital accumulation and maintains unequal social relations.

Any analysis of state intervention, however, remains incomplete in the absence of an understanding of the internal structures and processes of the state.¹ To understand policy formation, it is therefore necessary to expose its form as well as its content. Claus Offe defines form as "formal procedures, or the

institutionalized method of processing problematic state affairs of the environment."² He argues convincingly that public policy analysis tends to emphasize content, ignoring form. The thesis attempts to redress this imbalance by examining proposals to change the internal organization of the state in relation to the interaction between the state and its external environment. While the connections between changing policy intervention and changing productive and social relations are usually given ample coverage, this thesis sees the latter as the context of changing administrative structures and processes, or the form of intervention.

My argument is that administrative reform is one facet of these changing paradigms of state-societal relations. These reforms invariably attempt to align a process of policy formation with changing and often contradictory demands on the state. This process of policy formation involves mediating myriad and often contradictory demands on the state and the need for coherent and "rational" policy outputs. This mediation process incorporates two distinct functions. The first is representation. The administrative state is increasingly the locus of the representation of various and conflicting social and economic interests as state clients. The second is the coordination of public policies such that they simultaneously represent the interests of these state clients and satisfy rationales of accumulation and legitimation. The process of coordination is a process that is also increasingly centred on the administrative state.

Representation is a term borrowed from the work of Rianne Mahon. It expresses a recognition that institutions or structures within the administrative state "represent" the interests of state clients with whom they interact. Coordination, by contrast, implies that the mediation of these demands takes place within a more uniform or common rationality. As summarized by Mahon, the state forms a 'unity' or general interest. It does so in two stages. First, inputs enter the system by means of representation, and second, a process of rationalization secures this unity.³ Both processes are necessary, but at the same time impose contradictory requirements. The proposals for change examined in the thesis are responses to these contradictions.

This process of mediation is, moreover, problematic. Each of the reform initiatives being studied represents an attempt to impose internal rationality on a process of mediating external and often contradictory factors. There is no 'magic formula' for mediating in such a way that conflicting interests are represented, yet policy outputs retain a coherence or rationality. Indeed, administrative change is not simply a matter of responding to internal crises. The state will never finally 'get it right'. Instead, changing social and productive relations render previous solutions ineffective, triggering new attempts to find a means of mediating contradictory demands and the requirements of functional policy intervention.

Twice in this century, mediation and the factors influencing it have undergone fundamental changes. As a heuristic device, three

'paradigms' can be used to describe the evolution of the state-environment relationship: a pre-Keynesian state, a Keynesian welfare state, and emergent paradigm displacing the welfare state. As Kuhn argued, paradigm changes are not the result of internal dynamics, but instead are the result of internal rationalities unable to cope with problems in the external environment. The paradigm's ability to solve problems decreases as anomalies in the environment mount. It is this that is the basis of crisis. These crises are not solved from within, but rather by the emergence of a new paradigm, which is at heart a political process.⁴

The three proposals for administrative reform examined are the Glassco Commission of the early 1960s, the Lambert Commission of the late 1970s, and the recent Public Service 2000 initiative. The thesis will not evaluate the results of these initiatives. Rather, it will examine administrative reform proposals as internal responses by the state to crises resulting from conflicting or contradictory demands of external origin. The common focus of each of these proposals has been the search for an administrative means of forging coordinated and coherent policy intervention out of conflicting and contradictory demands originating in the environment. Such coherence has been particularly difficult to achieve during periods in which social and productive relations have been in transition.

The first two reform initiatives examined, Glassco and Lambert, are associated with the Keynesian welfare state. PS2000, in contrast, is associated with a paradigmatic change in state-

societal relations currently unfolding. Given this change, rational management is no longer adequate to the task of coordinating contradictory values and interests. At the same time, client groups are more closely linked in the mediation process.

The linkages between administrative processes and crises of accumulation or consensus can easily be missed if internal problems remain the focus of a study of public administration. Similarly, studies that link public policy to crises in the productive process in the absence of an understanding of changing administrative processes omit a crucial variable. In doing so, and understanding of **how** the state responds to crisis is less likely. As noted by Offe:

The problem of the capitalist state is...one that has to be solved before any of those changing problems can be dealt with, namely how to establish and institutionalize a method of policy production that constitutes a balance (or reciprocity) between required state activities and the internal structure of the state.⁵

End Notes

1.Offe, Claus, "The Theory of the Capitalist State and the Problem of Policy Formation", Stress and Contradiction in Modern Capitalism, ed. Lindberg, Alford, Crouch and Offe, Lexington Books, 1977

2. *ibid*, pp.133-34

3.Mahon, Rianne, "Canadian Public Policy: the Unequal Structure of Representation",

4. Kuhn, Thomas, The Structure of Scientific Revolutions, University of Chicago Press, Chicago, 1961 p.92

5.Offe, Claus, "The Theory of the Capitalist State and the Problem of Policy Formation", Stress and Contradiction in Modern Capitalism, ed. Lindberg, Crouch and Offe, Lexington Books, 1977, p.140

CHAPTER I A REVIEW OF THE THEORETICAL LITERATURE

There are two bodies of theory that inform this discussion. The first is state theory and the second is public administration theory. Unfortunately, there is often little dialogue between these two bodies of theory; state theory often ignores internal administrative processes, while administrative theory often overlooks external influences on the state. The goal of the discussion in this chapter is therefore to review the two bodies of theory important to this discussion, but then to establish some linkages or dialogue between them.

The first section centres on the work of Claus Offe, who goes further than most state theorists toward analyzing state intervention in connection with both external, socio-economic relations and internal administrative processes. The second section is concerned with public administration theory, in particular the work of Dwight Waldo, whose work helps to make visible the political nature of public administration practices. While his work is outside of the neo-marxist tradition drawn on in this thesis, it clarifies, as I describe below, the nature of the coordination.

State Theory

There are two facets of Offe's arguments that are critical to the thesis as a whole. The first regards the state as a capitalist state, while the second concerns the problem of policy formation. Offe's work underscores the capitalist nature of the state, and connects it to the civil society in which it is embedded. Offe argues that the state is a capitalist state, as it is "functionally related to and dependent on the accumulation process."¹ In this sense, there are four constraints acting on the state:

- 1- the state does not control production, but instead production occurs in enterprises that are "free" or exempt from state control
- 2- the state, however, has the mandate to secure and sustain conditions favourable to accumulation
- 3- furthermore, state power is contingent on the accumulation process
- 4- finally, the maintenance of the accumulation process by the state is in turn contingent the legitimation of accumulation by the state as a general or common interest²

This conception of the state is not unique to Offe. One of Offe's contributions, however, is to set out the problem of policy formation, and more particularly to describe the effect of these constraints on the form as well as the content of policy intervention. Offe recognizes that many studies of public policy deal with the connections between the content of public policy as responses to the recognition of "problems" in the external

environment of the state, and the representation of interests concerned with these problems.³ He argues, however, that the state's response to problems is a 'dual' process. The state both responds to problems in the environment by adapting appropriate policies (content) and at the same time adopts organizational procedures which are indispensable to the production of appropriate policy (form). Thus as the state responds to problems, it simultaneously shapes and determines its ability to respond to subsequent problems. Therefore the central question for Offe, and for this thesis, regards the "potential discrepancies between the functions attributed to the state as a capitalist state and its internal environment."⁴

For Offe, therefore, organizational processes are not rational in and of themselves (formal rationality), but instead, are rational in terms of their relationship to social and productive relations (functional rationality). He argues that, in this sense, administrative or organizational technologies do not become obsolete, and are not evolving toward some state of perfectibility. A critical point to be drawn from this is that:

...the incongruity between the internal modes of operation and external functional demands on the state administration have their basis in the quality of the **socio-economic** environment, rather than in 'deficient' bureaucracies. This environment binds the state administration to specific modes of operation, yet simultaneously makes claims on its performance that cannot be satisfied by these same modes of operation. It is obvious that this incongruity between the normative schema of the administration and these external functional demands could not be solved by a reform of the administration, but only through a 'reform' of the environmental structure and performance capacity of state administration.⁵

Offe carries this idea forward by laying out a typology of rationalities that illustrates attempts by the administrative state to respond to specific socio-economic environments. In so doing, he illustrates attempts to align form and function in the interaction of the state and its environment.

Offe argues that there are theoretical reasons for the failure to recognize the interconnections between policy formation and state structures and processes that mediate these. In particular there is a theoretical disjunction between:

- 1- a public administration perspective that neutralizes the environment of unequal social relations, and:
- 2- state theory, especially liberal state theory, that neutralizes the internal structures and processes of the state

His ideas therefore serve several purposes in this discussion. First, they clarify the capitalist nature of the state and the constraints imposed by this. Second, they differentiate form and content in policy formation, and describe the interaction of form and environment at a functional level. Finally, they reconnect a study of internal administrative practices with environmental forces on a theoretical level. A shortcoming of Offe's work, however, is that it does not fully develop the "how" of administrative representation. We are not told how the state responds to external demands, or through what specific processes this happens. The work of Mahon on "unequal structures of representation" helps to clarify this process

somewhat.

Mahon picks up the idea that Offe fails to account sufficiently for the autonomy of the state and the role of representation. She notes that:

...the state is a relation, an expression of the antagonistic and contradictory relations among classes and fractions: it does not possess power ('the state is not a subject'). The structure of the state is nothing but the mediated expression of basic socio-economic inequalities as these are manifested politically, in the various forms and levels which the class struggle assumes at a particular point in time in a given society.⁶

Given its contingent nature, the state simultaneously represents specific interests and simultaneously "sees beyond the particular"⁷ to form a general or common interest. This general interest, however, represents specific and hegemonic interests. Thus a contingent administrative state is relatively autonomous, and stands, to a degree, above class interests. The general or common interest forged by this autonomous administration, however, is biased, as its concern is with an economy that is a capitalist economy. This coincides with Offe's idea of constraints; the common interest tends to correspond with particular class interests.⁸

Mahon developed the concept of unequal structures of representation, and in doing this introduced the idea of a relatively autonomous administrative state responding to, and mediating, among forces in civil society. In so doing, however, she locates both representation and coordination within specific and differentiated institutions. Thus the department of finance

represents hegemonic interests, while departments such as labour represent specific, and secondary ones. While Mahon accurately locates representation, her view of coordination is too narrow, vested as it is in central departments or agencies representing a hegemonic fraction. The means of coordination are located as well in "managerial" practices or organizational processes that permeate all structures within the administrative state. Mahon argues that dominant or hegemonic interests are more likely to secure positive concessions, while subordinate interests are less able to do so. The key to understanding her argument, however, is a recognition that representation occurs within the state-hegemonic and subordinate interests are represented within specific organizational structures, so that particular structures are associated with particular interests.⁹ She summarizes these ideas by noting that:

Certain subunits within the civil service form relations with particular sections of society derived from the specific functions assigned to these administrative units. Through these relations, the subunits form a certain understanding and sympathy for 'their' group. thus, when the negotiation of compromise takes place within the state system, these subunits act as representatives of a particular interest - but representatives bound by a commitment to arrive at a definition of the 'national interest' transcending the particular. In addition, the hierarchy within the civil service renders this structure of representation biased, providing operational support for the bias engendered by the acceptance of ideological notions like 'the economy'.¹⁰

This argument, therefore, serves to illustrate a relatively autonomous state representing, albeit unequally, diverse interests, and mediating from this policies that both coordinate

these various interests, and at the same time legitimate and serve a "general" interest. This sets out the two variables that I will discuss in later chapters. The shortcoming of this work, however, is its failure to adequately recognize the means by which coordination occurs. Administrative processes, more than institutional structures, are the basis of the coordination of policy outputs. The work of Dwight Waldo represents one of the earliest theoretical recognitions of this, and for this reason, I have included a discussion of his work.

Public Administration Theory

While the work of Waldo is not in the same neo-marxist tradition as Offe and Mahon, it provides insight into areas where the other theoretical works fall short. Waldo recognized that public administration is an inherently political process. Moreover, he understood that these processes are the locus of the representation and coordination of state interventions. He argued that the initial concerns of public administration were with the need to place a coherent common interest above messy or irrational political processes.¹¹ The result, for Waldo, was a "positivist-scientific" polity grounded in a concept of management and separate from overt political discourse.¹² Thus the location for a common or general interest is management processes that permeate the administrative state.

For Waldo, therefore, public administration is a political

process; the separation of politics and administration is a myth. He argued that it is not the dividing line between politics and administration that has changed over time, but the "task of joining political ends to institutional means".¹³ This implied a very different approach to an examination of mediation processes within the administrative state. Rather than looking at particular structures and interests, there is a need to examine processes through which policy outcomes are mediated.

Waldo argues that the starting point for a study of public administration as a coherent practice is the separation of political and industrial authority, and of state and civil society. This is consistent with marxist theory of the capitalist state, and in particular with the work of Offe and Mahon. He argued that these differentiations have allowed both for a substitution of administrative for political theory, and of technocratic or administrative management for class conflict. While administrative responses are "right" for one time, they may be "wrong" for another. Waldo recognizes that changing administrative practices give rationality a value or interest content that reflects a changing socio-economic environment. Moreover, this change is not incremental. It tends to occur during periods of crisis, and these crises tend to originate outside of the state.

Allison carries Waldo's ideas forward by arguing that process change within organizations is a product of changing organizational goals, and that these goals are the product of

interaction of the state and relevant stakeholder and client groups.¹⁴ Looked at from another direction: "...existing organizational routines for employing present physical capabilities constitute the range of effective choice open to government leaders confronted with any problem."¹⁵ Therefore changes in policy output require organizational change, but these changes are not always easy to effect. Allison also effectively presents the central dichotomy presented by this discussion. He argues that:

...the necessity for decentralization runs headlong into the requirement for coordination. (Those who advocate one horn or other of this dilemma-responsive action entails decentralized power versus coordinated action requires central control-account for a considerable part of the demand for government reorganization)¹⁶

Thus effective state intervention requires two conflicting conditions; decentralization of power is necessary for responsive policy intervention, but effective central control is a precondition for coherent rationality.

The Problem of Mediation: Representation and Coordination

It was noted earlier that there is little dialogue between these two bodies of theory, and yet the argument developed in the thesis requires some linkages between them. While Offe establishes linkages between administrative practices and the relationship between external pressures on the state and the policy responses of the state, his analysis of concrete practices

remains incomplete. Mahon connects administrative structures to external environment, but fails to take notice of the role of administrative practices. Waldo's analysis of concrete practices is much more complete, but these practices are inadequately connected to external pressures on the state. These ideas need to be linked together to carry the discussion forward in the later chapters.

Administrative change has consistently focused on two often conflicting pressures. The first is representation of social and productive interests. This representation has increasingly occurred outside of partisan political structures. Yet the largely artificial distinction of administration and politics obscures the inherently political processes of representation that occurs at the interface between state administrators and clients. Moreover, the effective representation of particular needs requires a loosening of central controls, a decentralization that brings administrators into closer contact with state clients and stakeholders. The state, on the other hand, must also transcend the particular, and express a general or common interest. Rational coordination therefore requires central controls sufficient to establish a coherent policy output that expresses a "general" interest, and reproduces existing social relations. Coordination is thus also an inherently political process, but again one that is often contained in administrative or managerial practices that tend to obscure its political nature.

Not only do the conditions of effective mediation often place conflicting demands of centralization and decentralization on the state, but there are periodic breaks or paradigm changes in the content of intervention that require a realignment of form and content with a changing external reality, and thus changes in representation and coordination. On this point, Offe's work is again instructive. Offe describes two of these modes of intervention, the break between them, and the changes necessary to align form with a changed content. The concept of allocative and productive intervention both links the bodies of theory discussed in this chapter, and serves as the basis for the models that are developed in the next.

Offe defines allocative intervention as:

...a mode of activity of the capitalist state that creates and maintains the conditions of accumulation in a purely authoritative way. Resources and powers that intrinsically belong to the state and are at the disposal of the state are allocated.¹⁷

For Offe, the method by which allocative decisions are made is either political or legal. A "good" decision is one that corresponds with legal or political power: "policy is congruent with politics". The form of administration that best fits with allocative modes of intervention can be described as rational-legal bureaucracy. This form is one in which, ideally, neutral officials apply predetermined rules through a hierarchical structure. In this system, representation was thus the function of legislative bodies, with coordination carried out by an executive or cabinet.

The allocative mode of intervention was associated not only with an earlier capitalist state, but with the first stage of Keynesian intervention as well. Thus although the state assumed more explicit responsibility for "managing" the economy, the policy tools associated with Keynes (taxation and aggregate spending) remained within the limits of allocative intervention. Later stages of Keynesian intervention, however, required physical inputs by the state into the production process in order to maintain accumulation. Offe argues that with productive intervention, policy formation becomes separated in part from political discourse, as different decision rules came to guide policy formation. Bureaucratic decision rules, determined via political discourse, and coordinated through a political executive, are simply no longer adequate for processing the myriad of demands for productive intervention originating outside the state. Thus bureaucratic administration is not sufficient for this mode of intervention. It is replaced, Offe argues, with a purposive-rational, or technocratic form of intervention. Decision rules now incorporate self-evident goals rather than externally imposed rules. It is these "self evident" goals, goals that express a "common" or transcendent interest, that underlie rational management technologies. There are also necessary structural changes, as hierarchies through which rules are imposed give way to decentralized structures through which state client's needs are communicated.¹⁸ It is this that is the basis of administrative representation. The process of mediating

particularistic demands while simultaneously expressing transcendent goals fell increasingly to the administrative state.

Offe's model of allocative and productive intervention serves two useful purposes. First, it highlights the importance of the form of policy intervention. Second, and more important, the development of his argument underscores the need to constantly align the form of public policy intervention with its content. There are, however, two serious shortcomings that become apparent when this model is applied to concrete historical circumstances. The first is that Offe does not sufficiently link a mode of intervention to particular social or productive relations. The second is that we are arguably moving beyond a productive mode of intervention to something that neither facet of this model can adequately describe. These issues will be taken up in the next chapter, with the elaboration of historical models that combine form and content. In doing so, they connect proposals for administrative reform to changes in both demands imposed on the state and the changing rationality of policy intervention. They are a source of change for administrative paradigms as well. Thus crises in productive relations affect both the form and content of policy formation. Further, there is a learning or interaction process between this form and content, as each limits and shapes the other. These models, in turn, frame the discussion of proposals for administrative reform analyzed in chapters 3 and 4.

End Notes

1.Offe, Claus,m "The Theory of the Capitalist State and the Problem of Policy Formation",

2. *ibid.*, p.126-27

3. *ibid.*, p.134

4. *ibid.*, p.135

5. *ibid.*, p.303

6. Mahon, p.169

7. *ibid.*, p.170

8. *ibid.*, p.173

9. Mahon, p.171

10. *ibid.*, p.174

11. Waldo, Dwight, The Administrative State: A Study of the Political Theory of American Public Administration, the Ronald Press Co., New York, 1948, p.133

12. *ibid.*, p.52

13. Waldo, p.52

14. Allison, p.76

15. *ibid.*, p.79

16. *ibid.*, p.85

17. Offe, "the theory of the Capitalist State", p.128

18. *ibid.*, p.135-38

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CHAPTER II--THEORETICAL MODELS

The concrete suggestions for administrative reform examined in this thesis might be better understood if they are viewed in the context of models of the content and form of state intervention. A concept of paradigm change can be used to describe recurring breaks in state intervention, and at a more detailed level, in the form of policy intervention. I have used the concept of a policy paradigm to emphasize that policy intervention, and the administrative forms associated with it, have undergone periodic fundamental changes.

The relationship of policy intervention to environmental pressures constitutes the typical focus of state theory. The models discussed below tease out the idea that changes external to the state trigger changes not only in the content but also in the form of policy intervention. They describe the form and content of two paradigms of policy intervention in the context of particular socio-economic relations. The first describes a Keynesian welfare state. The second describes what Jessop terms a "Schumpeterian Workfare State"¹. More importantly, they illustrate a process of crisis and change, corresponding to Kuhn's concept of paradigmatic crisis and change in which change is a function of a crisis that cannot be resolved within the limits of the old paradigm. Thus they do not describe a process of evolutionary change, but of periodic ruptures in the existing

assumptions and values of intervention.

Pre-Keynesian Intervention: The not so Laissez Faire State

The Keynesian welfare state cannot be understood in isolation, but should be viewed in relation to the content and especially form of policy intervention that preceded it. It is particularly important to recognize that state intervention did not begin with the Keynesian Welfare State. Rather, pre-Keynesian intervention centred on what Offe referred to as allocative inputs. Allocative intervention, described in the previous chapter, was initially associated with a patronage model of administration. There were stresses in patronage administration, however, that culminated in reforms that put forward a rational-legal model of administration. Administrative reform efforts in the late 19th and early 20th centuries more often than not addressed the "perceived evils of patronage".² Yet while patronage was viewed as an evil, it served a number of purposes. The most important was that it was a means of bureaucratic coordination. As noted by Hodgetts et al.:

[Responsibility] could only be maintained...if the people's elected representatives had full control of the bureaucracy. This in turn was only possible if the government could freely place its own appointments within the administrative system. In this view, the minister, being responsible for the effectiveness of his department, would ensure that the most capable persons would be placed in leading posts.³

Second, patronage was a means of building a national political

system in the post-confederation period. It was used to reward political workers for parties with otherwise limited financial resources with which to do this. There are, however, limitations to Hodgetts' perspective. He fails to recognize that patronage served a more important purpose. It was a means of cementing political power within bureaucratic structures. It served a coordinative function by allowing governments to directly control bureaucracies. It also served a representational function, as administration was an explicit part of partisan political processes.

The failure to recognize this means that the primary point of subsequent reforms is missed. A preoccupation with rationality expressed a concern with "irrational" or pluralistic administrative processes arising from the democratization of the liberal state. The catalyst for change was a recognition that democratic mass participation had altered the original ideal of the liberal state. Early attempts at administrative reform were thus an attempt to reimpose a conception of the common good that was a centrepiece of liberal ideals.⁴ Waldo recognized that early reforms envisioned the substitution of rational bureaucracy for partisan conflict, through the imposition of⁵ rules that expressed a "common" interest. Rules displaced an overtly partisan process of administrative mediation of contradictory demands by state clients. The objective of a rational-legal form of intervention was the separation of public administration from partisan political discourse, that would depoliticize

administration and in doing so, secure more effective coordination.

Intervention was, ideally, the product of externally imposed rules. This is the basis of the politics-administration dichotomy. The emphasis was on centralized controls, and the clear institutional separation of administrative institutions from both state clients and partisan political processes. Given the content of state intervention, this was a rational form.

This bureaucratic mode of administration was functional for allocative intervention. Like Waldo, Offe describes the administrative rationality of allocative intervention as a separation of politics and administration. ⁶Policies are politically determined and administratively implemented. The content of allocative policy is the distribution of resources that are the property of the state. Given this mode of intervention:

A "good" decision, from the point of view of the decision maker, is a decision that coincides with his legal or political power. There is no alternative or additional criterion for decision making. What characterizes **allocative** policies, then, is that politics and policies are not differentiated.⁷

The Keynesian Welfare State: Consensus to Crisis

While Keynesian policies have been expressed in different ways at different times and places, the underlying assumption for this type of intervention is that capitalism would not, left to its own, gravitate toward full employment of resources. Instead,

there was a tendency for unemployment and economic activity to fluctuate, and it is the role of the state to iron these out⁸. This therefore represented a paradigmatic change in policy content from a focus on balanced budgets and fiscal probity to full employment and social cohesion via the allocation of state resources.⁹

The initial stage of Keynesian intervention focused on under-utilized capacity and the stimulation of demand. Macroeconomic policy tools such as aggregate expenditure and taxation as well as various schemes of income distribution addressed this.¹⁰ This initial stage of development therefore fit well within the paradigm of allocative intervention, and a rational-bureaucratic mode of administration. This allocative mode of intervention, however, was not adequate for the maintenance of full employment. It became apparent over time that there was a trade-off to be made between full employment and inflation. New patterns of policy intervention were sought, and this pushed the state toward productive interventions such as manpower, research and development and industrial policies, all having the goal of improving the terms of the trade-off.

This was the second stage of Keynesian intervention. It sought to reconcile full employment and a stable rate of inflation, but more importantly, this transition required more complex forms of intervention. Offe describes this as a transition from allocative to productive intervention, and argues that:

...accumulation can only go on if productivity gains and other advantages by which individual accumulating unit protects itself from the competitive pressure of others can be derived from sources other than the accumulation process itself. In other words, at this point some or all accumulating units become, for the sake of their continued accumulation, dependent upon "help" in their strategy of competition; they become dependent upon means that the accumulation process itself cannot supply. At this point, **productive** state activities, in addition to the allocative one, emerge, since the state is the only organization in capitalist society that could provide such **inputs** that are required in order to sustain accumulation and production.¹¹

Offe argues that a key ingredient of this form of intervention is a separation of policy formation from political discourse, or a partial reunification of policy formation or mediation and administration. Policy formation therefore becomes, in part, the prerogative of the administrative state, which increasingly reacts to particularistic socio-economic demands on an ad-hoc basis, rather than to rules imposed by partisan political institutions. Given the separation of policy formation from political discourse, representation becomes problematic.¹² Thus the changing content of intervention requires an altered mode of representation. More specifically, it requires an ability on the part of the administrative state to respond to a broader range of demands from the environment. The solution was a decentralization of bureaucracies that put administrators in closer contact with state clients.

The Keynesian Welfare State also implied a different rationality of intervention. This rationality focused increasingly on outcomes rather than rules. Efficiency was judged

in terms of results rather than compliance.¹³ "Purposive-rational" administration therefore required self-evident goals rather than rules as the basis of rationality. Laws and rules could not effectively coordinate ad-hoc decisions needed to achieve specific outcomes. So while centralized, rule based bureaucratic forms were adequate for administering simple Keynesian demand management, coordination of increasingly complex content of intervention required altered forms of rationalization. The means of rationalization used to coordinate diverse and often conflicting representational inputs were techniques of rational management that in effect applied a given rationality to myriad unconnected interventions.

Thus changes in administrative processes characteristic of this new form of intervention were, as Waldo argues, twofold: decentralization and technocratic coordination and control.

For Waldo, decentralization can be defined as:

The balance of power, authority, and program discretion (1) between 'headquarters' and field within a single jurisdiction and (2) among the levels or subdivisions of government indicated by terms such as federal, state and county.¹⁴

Administrative decentralization was thus associated with a changing mode of representation. It allowed for more direct response to diverse, but particularistic external demands. Rational coordination, on the other hand, was couched in terms of objective or positive rationality, expressing "self evident" goals that were the basis of intervention. It relied on an extra-legal rationality of "economic" results. This rationality

informed goal oriented technologies such as PPBS, ZZB and MBO¹⁵.

As a means of mediation, however, these processes merely papered over contradictions. State structures incorporated processes of rationalization that contained within them to a greater or lesser degree, these self-evident goals of accumulation and the maintenance of unequal social relations. These goals, however, merely subsumed contradictory interests imposed on the state. This mode of intervention became increasingly dysfunctional as it incorporated contradictory goals while attempting to mediate coherent outputs.

The diversity of representational demands placed on the state was thus both necessary and dysfunctional. Offe argues that the source of crisis in the welfare state was the inability of the state to separate itself sufficiently from forces in civil society to allow the functioning of its subsystems. Thus the administrative state was unable to balance effective representation with the coordination of a general interest, something Mahon failed to see as problematic. In other words, the crisis of the Keynesian welfare state was expressed not as a contradiction of legitimation and accumulation rationalities, but rather in the very administrative institutions that internalized the contradiction through structures and processes of representation and coordination as it mediated an expanding set of contradictory demands. The contradiction was expressed through need to represent simultaneously contradictory interests

and at the same time to mediate rational and coherent outputs.

Decentralization and Technocratic Coordination

Administrative decentralization was thus a response to the increased complexity of state activities inherent in a second phase of Keynesian intervention. Previously, broadly imposed rules and procedures had allowed externally differentiated and autonomous departments to work toward goals or objectives formulated at a "political" level, free of interference in its day to day operations. The cost of this was a state that was less responsive to diverse and complex demands placed upon it. Administrative decentralization was an attempt to respond to these problems of representation. One result of this changing mode of representation was that centralized rule-based coordination became counterproductive. It thus became necessary to find alternative means of coordinating outputs and imposing rationality.

The devolution of decision making to state managers in closer contact with state clients assumed an altered means of coordination. Intervention increasingly took the form of ad hoc decisions in pursuit of concrete goals. Coordination increasingly centred on the expression of these "common" goals or a "general" interest. It is clear, therefore, that despite the "self evident" nature of technocratic rationality, it expressed "common" goals

that subsumed debate about what those goals should be, and in so doing cemented dominant interests.¹⁶ The effect of technocratic coordination was thus to entrench dominant interests, and to remove irreconcilable conflict from the political agenda.¹⁷

A primary means of carrying out this task was with the various rational budgeting techniques that came into vogue in the early 1960s. These had, as their objective, the subsumption of expenditures within more coherent rationalities. Given the fundamental contradictions inherent in intervention expenditures, however, the best that these techniques could hope to do was to paper over irreconcilable conflict. Public administration is thus a political process. And as O'Connor reminds us, state expenditures contain within them the fundamental contradiction between goals of social legitimation and the fostering of accumulation. To try and mediate a 'common good' via budgetary techniques among contradictory alternatives is thus a project doomed to failure. Indeed, the process of mediation became, to a large degree, paralysed by internal contradictions. The state was compelled to pursue contradictory goals and simultaneously to coordinate intervention in order to help to secure capital accumulation and foster social cohesion. The result was to be a "fiscal crisis" that would ultimately help to bring about a change in paradigms of intervention.

Crisis and Transition: Toward a New Paradigm of Intervention

The Keynesian Welfare state was a contingent solution to a crisis that arose out of the economic problems of the 1930s. While it was a solution to one set of problems, it also contained its own contradictions that would over time foster new crises. O'Connor, like Offe, has argued that the rationale of Keynesian intervention was contradictory in that the state was compelled both to maintain favourable conditions for accumulation and at the same time secure the conditions for social harmony, that is eroded by this accumulation process. All intervention, and therefore all expenditures, contain within them this fundamental contradiction. As O'Connor notes:

Because of the dual and contradictory character of the capitalist state, nearly every state agency is involved in the accumulation and legitimation functions, and nearly every state expenditure has this twofold character.¹⁸

While expanded intervention aided accumulation, it in turn required greater social expenditures to both offset the social costs of growth and maintain levels of accumulation. For O'Connor, this culminated in a fiscal crisis of which there are two dimensions:

- 1- While the state socializes more and more costs, the social surplus arising from this is privately appropriated
- 2- The fiscal crisis arising from this is exacerbated by "the private appropriation of state power toward particularistic ends"¹⁹

O'Connor points, in this way, to the origins of the failure of Keynesian intervention. Technocratic coordination contained rather than solved the contradictory nature of state expenditures. It could not impose a singular or coherent

rationality on contradictory interventions. At the same time, the enhanced linkages between state and client necessary to secure effective intervention enhanced this problem by allowing for a greater appropriation of state power toward pluralistic and ultimately contradictory ends. Sustained economic expansion had allowed this problem to be ignored for a time, but eventually a crisis in this mode of intervention, in both its content and form, proved insoluble within the Keynesian paradigm.

The assumptions and values underlying the paradigm constituted an increasingly unreliable guide to action. Under circumstances such as these, allegiance to the paradigm will weaken, opening the possibility of the adaption of a new paradigm. Paradigms crumble when these goals and assumptions no longer hold. Out of this may emerge a new paradigm, based on new goals and assumptions.

We are, it seems, currently witnessing this process of paradigm change. Not only is the mode of intervention undergoing a fundamental change, but the socio-economic relations that are the context of intervention are changing as well.²⁰ These two related epochal changes are different sides of the same coin. The crisis has proven to be more than a fiscal crisis. It appears that we are witnessing a much more fundamental change, both in productive relations (a topic beyond the scope of this discussion) and in the form and content of state intervention.

The recession and economic restructuring of the early 1980s signalled a turning point in state intervention. Increased

capital mobility meant that the state was less able to intervene effectively with either macro-economic tools or more micro-level policies. There was, as well a neo-conservative challenge to Keynesian assumptions. But just as "laissez faire" was a misnomer, so to are the claims of neo-conservatives for the limited, post-Keynesian state misleading. As Jessop argues, a new mode of intervention began to become apparent in the eighties. He calls this "new" state a Schumpeterian Workfare State, to contrast it to the Keynesian Welfare State.²¹

There are two facets to this new paradigm. The first is intervention on the supply side to promote flexibility and economies of scope rather than scale. The second is the use of welfare policies to promote flexibility in labour markets and in collective consumption.²² The new forms of state intervention therefore promote the ability of firms to compete, and at the same time subordinate welfare policy as well to concerns with international competitiveness. Thus the Schumpeterian workfare state is Schumpeterian in the sense of its concern with production, and particularly with innovation in production. Workfare, in turn, signifies that intervention is directed away from mass consumption toward a subordination of welfare policy to the demands of flexible labour markets.²³

Jessop is less enlightening, however, when it comes to the form of administration. He does note that it requires a degree of delegation of state powers to complementary interests,²⁴ and this coincides with Offe's concept of a third rationality of

administrative action. In describing "consensual" rationality, Offe argues that a degree of state power must be shared with social partners in pursuit of intervention goals of innovation and labour market flexibility. Offe was, of course, referring to the kind of corporatist efforts associated with attempts to shore up the Keynesian paradigm. Streeck, however, has neatly linked changes in the system of accumulation (and thus new demands on the state) to a renewal and deepening of corporatism.²⁵

Streeck argues that a recourse to neo-classical policies, or a reliance on markets to create the conditions favourable to high wage-high value-added production, will not work, as individual firms will be tempted to press short term advantages, and in doing so foster low wage economies. Moreover, the need for flexibility means that state production of inputs will also produce less than favourable results. Streeck argues that institutional linkages among various social actors and between these actors and the state are the preferred means of securing favourable conditions for flexible, high value-added production. These linkages serve three purposes:

- 1- to foster innovative production by reducing market pressures
- 2- to create a flexible, highly skilled polyvalent labour force
- 3- to secure social peace necessary to cooperative high value added production²⁶

Streeck thus helps us to see the connection between Offe's "consensual" form of state and the new mode of intervention.

Legitimacy for these institutional arrangements, according

to Offe, is secured either through a recourse to supra-legal norms or values, or to sub-legal consensus formation.²⁷ Representation is therefore based more on direct interaction and institutional linkages. At the same time, coordination relies either on consensus on specific issues or a recourse to shared values. These changes, however, do not overcome the contradictions inherent in mediating pluralistic and contradictory demands. New forms of policy intervention will be subject to crises as well. Offe argues that state institutions will be subject to transformation by the activity of 'social power groups'. And this raises the problem of this new form of intervention. Offe argues that the multiplicity of represented objectives can block any action at all. Or the boundaries between state and client may be reduced to the point where the state is again overburdened by conflicting demands. The state is therefore left with a choice of acceding to a multiplicity of contradictory demands or excluding those who do not share dominant values.

Partnerships and the Consensual State

Partnerships retain the advantages of earlier organizational forms of horizontal representation and vertical integration while avoiding many of their problems. Organizations are able to incorporate a broader range of issues and interests into a singular rationality. Less structured organizational form allows for an direct, and more importantly, a more selective

representation.²⁸ Sandra Waddock looks at them in terms of **social partnerships** between government and non-state actors.²⁹

She defines social partnerships as follows:

A partnership is a commitment by a corporation or group of corporations to work with an organization from a different economic sector (public or non-profit). It involves a commitment of resources-time and effort-by individuals from all partner organizations. These individuals work cooperatively to solve a problem that affects them all. The problem can be defined at least in part as a social issue; its solution will benefit all partners.³⁰

The process of social partnership is further defined as follows:

Social partnership involves bringing together individuals and organizations to address issues that concern all parties-but that may concern them to varying degrees. These individuals may have had little previous interaction, especially with those outside their own economic sector.³¹

Partnerships centre on issues that stakeholders are unable to resolve on their own. The identification of stakeholders is the key to partnership formation; and it is this that differentiates formal corporatist structures and partnerships.³² Partnerships are informal, non structured and temporary in contrast to more structured and permanent corporate structures. Intractable class interests are not expressly represented, but are either subsumed in an issue based discourse or excluded in favour of coherent values. New structures of representation, however, have also created a need for complementary processes of control and rationality: a new organization culture.

This does not mean to imply that the manipulation of corporate values or culture is a recently discovered phenomena. Given the reduced autonomy of administrative structures expressed

through partnerships with social actors, however culture, or shared values have become a primary means of coordinating intervention.

Clegg and Dunkerly note that the first indications of the concept of organizational culture as a management tool can be found in the work of Elton Mayo. His Hawthorne Electric experiments sought to examine the destruction of social solidarity caused by industrial processes of mass production. Mayo recognized that control based on coercion and rational planning was simply much less effective than one based on hegemony and persuasion.³³ Mayo's technique is a very seductive managerial ideology; yet it obscures the more difficult idea that many problems in organizations are not just management problems. They cannot be solved through social skills or supervisory style. Mayo's method did not so much overcome fundamental conflict as much as it tried to paper over the tensions. In this sense, it bears some similarity to technocratic coordination. Quite simply, the manipulation of culture is a development of an ideological apparatus of hegemony or normative control.³⁴

Clegg and Dunkerly define corporate culture as "...a network of shared understandings, norms and values that are taken for granted and that lie beneath the surface of organizational life."³⁵ Corporate culture can be used to reduce conflict by creating inclusive values through joint action, 'shared' organizational interests subsume conflict.³⁶

Partnerships and culture therefore represent two elements in

a changed form of policy intervention associated with the Schumpeterian Workfare State. While it aims to overcome many problems inherent in hierarchical organizations and rational or technocratic coordination, it contains its own. The state can exclude those whose values and interests do not fit the dominant mold, or it can respond to those interests and risk paralysis or contradictory goals.

Concluding Remarks

Changing administrative processes are not simply internal adjustments in pursuit of an objective or ideal of efficiency. They are, at least in part, adjustments of the form of policy intervention, contingent on the relation between intervention and socio-economic relations. To illustrate this, I used a concept of paradigm change to look at intervention. The substantive chapters examine three proposals for administrative change in light of these models. They are intended to explore the hypothesis that the form of intervention is related to its content, and through this, to forces external to the state.

End Notes

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20.Jessop, in his discussion of the Schumpeterian Workfare State, and Streeck, in his discussion of state-societal institutional linkages both connect changes in the form of intervention, and in administrative practices to changing productive relations. While a discussion of the debate around the transition to post-fordist production is outside the scope of this discussion, it should be noted that changing administrative structures and practices are ultimately related to changing productive relations.

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CHAPTER III--ADMINISTERING THE KEYNESIAN WELFARE STATE

Introduction

This chapter examines two sets of proposals for administrative reform, the Royal Commission on Government Organization and the Royal Commission on Financial Management and Accountability. Both are grounded in problems with the form of policy intervention for the Keynesian Welfare State. The KWS was the state's response to the economic cataclysm of the 1930s and the lessons learned during the war years. It was not, however, a static response. Rather, it evolved over time, eventually reaching a point where it no longer provided a functional response to a changing socio-economic environment. The two sets of reform proposals looked at reflect first the evolution of the KWS and ultimately the crisis it faced in the mid to late 1970s.

1-The Historical Context of the Reforms

The rise of rational public administration in Canada, and in particular the creation of a professional public service through the Civil Service Act of 1918, coincided with significant changes in the Canadian political economy. The reforms put forward in the act gave over staffing control of the entire federal public service to the Civil Service Commission, and in so doing, effectively eliminated patronage as an effective political tool. 'This

coincided with changes in the Canadian economy that included the growth of branch plant manufacturing and the importation of mass production technologies. They left the Canadian state well situated to intervene in an allocative manner. A form of legal-bureaucratic intervention was well suited to a state whose role, with the decline of the National Policy, became more limited through the 1920s and early 1930s.²

The state's role, and Canada's economy, began to change during the depression years, and especially during the war. The 1930s saw the creation of state supports to capital, such as the Canadian Wheat Board, the Canadian Broadcasting Corporation and Trans-Canada Airlines.³ The war years saw an even more rapid advance in this socialization of investment, or "...the determination of the level and structure of investment by the government reflecting collective socio-economic priorities, rather than by the private sector reflecting corporate profit maximization."

Manufacturing accounted for a steadily increasing share of the Canadian GDP, and the importance of both agriculture and resources declined. The war years thus saw both profound changes in the Canadian economy, and an experiment in active intervention by the Canadian state. In the period immediately following there was a retreat from active intervention. The White Paper on Employment and Income, released in 1948, attempted to steer a middle course between the active intervention of the war years and the "laissez faire" policies of the late 1920s and early 1930s. The White Paper was to shape state intervention over the coming decade. It focused

on macro-economic tools such as overall levels of expenditure, and universal social entitlements, used to stabilize demand at high levels of employment and provide a social wage in exchange for labour peace. It thus reflected what was referred to earlier as an initial stage of Keynesian intervention. There were five often contradictory policy objectives that formed the core of the policy paradigm through which these objectives were to be secured:

- 1- full employment
- 2- a high rate of economic growth
- 3- price stability
- 4- a viable balance of payments
- 5- an equitable distribution of income ⁵

The King government felt that, with the release of the White Paper, it had "discovered a formula to provide prosperity for all'. Indeed, sustained economic growth during the post-war period was the product of a "judicious mixture of changes in taxation and total government spending". This Keynesian macro-economic management faced few serious challenges until late 1950s, and the onset of a recession that offered both increasing inflation and unemployment."

By the mid-1950s a trade-off between full employment and inflation had become obvious. The government, and particularly the Bank of Canada, began to shift the focus of intervention away from unemployment and toward inflation. Keynesian stabilization tools were therefore not used fully to offset an anticipated economic downturn of the late 1950s, and the period from 1957 to 1961 was one in which unemployment remained around 7%, much higher than in the previous decade.⁶ Economic growth was also slower. Thus the

contradictions inherent in the post-war compromise became increasingly apparent. The White Paper had not provided a 'magic formula' for sustained full employment and stability after all. It is in this context that the Glassco Commission was struck. It represented an attempt to introduce new forms of policy intervention that would help the state strike a more favourable balance between unemployment and inflation. Glassco focused primarily on a changing and expanding management function associated with a second phase of Keynesian intervention. The content of policy centred on economic management or "the process through which the increasingly complex and competing goals, instruments, agencies and research needs of economic policy are coordinated and controlled". Glassco represents suggestions for a form that would align with this content.

Moreover, a sense of crisis surrounded these proposals. Full employment was both necessary to the legitimacy of the post-war paradigm, and increasingly difficult to balance with accumulation needs. Thus, alluding to chapter 2, Glassco can be located at the juncture of the first and second phases of Keynesian intervention.

2-The Royal Commission on Government Organization

As with the other reforms, Glassco was a vehicle for aligning the form of intervention to changing environmental demands and changing content. In the discussion of theoretical models, I argued

that this involved both decentralized administrative "representation" and technocratic "coordination". This dual theme is set out early in the Glassco report:

...public servants in the field offices are the embodiment of the government of the country. The extent to which the public feel that the machinery of government is responsive to their wants depends largely on the degree to which the field offices can take prompt action appropriate to local conditions. Once again, it is clear that the operations of the federal government throughout Canada must be based on nation-wide policies and standards. But the meticulous central control over field operations, which is all too prevalent today, damages public respect and confidence.

The report of the Glassco Commission is quite explicit in its recognition that the reforms it proposes are responses to a changing role for the state. It acknowledges sizable increases both in numbers of public servants and in government expenditures during the post war period, but it delves deeper than this, by studying both changes in the size and roles of government.

From the start of World War II to 1960, total civilian employment in the federal public service grew from 51,000 to 216,000. During this same period, federal expenditures grew from 553 million to 2,620 million.⁸In a discussion of management practices, the report notes that:

In the century of rapid and continuous growth since the framework of Canadian government was settled, economic and social changes have created new public wants that have affected governments everywhere. At the same time, new resources have become available to meet public needs. The resulting action by government has both influenced the direction of Canadian development and accelerated its pace. In the process, the role of government and the character of its activities have changed radically. But there has been a marked lag in the adjustment of concepts and processes of public administration.⁹

This underscores the need to bring form into line with content.

The report then describes growth that has involved the state in areas where it had little or no involvement prior to the second World War, areas such as unemployment insurance, employment services, family allowances, old age pensions, support for housing, the development of atomic energy and the provision of expanded transportation and communications infrastructures.¹⁰

Glassco recognizes that Canada was conceived as a means of state involvement in economic development, but while the fact of involvement had not changed, however, the rationality had. Thus:

...the basic role of government has not changed. But from the relatively simple beginnings in the 19th century, the government has become progressively more involved in an increasingly complex economy-promoting, supporting, protecting, regulating and controlling by a growing variety of means, direct and indirect, general and specific. More and more it has had to inform itself in detail of the condition and prospects of all segments of the economy, to assess the impact of government programmes and plans on each segment, and to measure and adjust the increasingly complex interplay of its policies and programmes. The list is now virtually endless...government has become the great regulator of Canadian economic life."

Glassco recognized both the vast increase in state involvement in accumulation processes and the state's increasingly complex involvement. The report delineates four areas in which the state was becoming increasingly involved:

- 1- provision of welfare and medical services to specific groups, especially aboriginals
- 2- transfer payments such as family allowances and old age pensions
- 3- grants and low interest loans to promote acceptable standards of housing health and education

- 4- contributory schemes such as unemployment insurance, to protect against personal economic misfortune ¹²

Further, it placed form in the context of content, as changed policy and programme content presupposes changed form. Thus the Glassco report noted that: "Increasingly, the administrative procedures by which the government meets its operating needs are becoming in themselves matters of economic and social significance."¹³ This coincides with Offe's recognition that form is as vital as content to effective intervention.

Glassco recognized the need for a new mode of mediation. Indeed, at the core of the Glassco proposals is a concern with the proliferation of controls and rules in public administration. Earlier forms of intervention involved the allocation of resources through externally imposed rules or controls. Glassco clearly recognized that given the expanded scope and scale of state intervention, rules and controls had become problematic. The Glassco report noted that:

All told, the structure of control built up between 1916 and 1951 was impressive-and unique. Measured against narrow objectives, it was also unquestionable effective: the standards of probity reached by the government of Canada in its use of people and money are high. But good management consists in more than the avoidance of sin, and this Calvinistic approach to public administration, while well designed to discomfit bad managers, was bound to prove most frustrating to good ones.¹⁴

We can therefore get a sense of two themes in Glassco. The first is a concern with the role of the state. The report seems comfortable enough with the fact of intervention, but it seems to implicitly recognize that intervention will often pursue exclusive and contradictory goals. This was, for Glassco, a management

problem, and ultimately a solvable one. Standing in the way, however, was a reliance on rules and rigid bureaucratic structures that precluded solutions. Changing management practices and technologies-particularly the tools of rational management then coming into vogue-were a means by which mutually exclusive (and ultimately contradictory) interests could be mediated by adopting management practices that would allow this to happen. Thus the report states that "...changing technology creates an urgent need to adopt administrative structures and practices." The report argues that these techniques are indispensable in effectively achieving organizational goals.⁵

What this presents, therefore, is a dialectic of social and technological determinants in the formation of these suggestions for organizational change. Form is a product of social determinants, in particular, needs of accumulation and social consensus. At the same time it is also a product of techniques and processes specifically intended to enhance capital accumulation. T.H. McLeod, in a review of the Glassco report, picks up on the political nature of administrative reform, albeit from a different theoretical tradition. He argues that:

Our theories of administrative behaviour in the public service must be compatible with our fundamental theories of political behaviour. The two cannot be summarily divorced by recourse to the illusory business of conceptually differentiating between the policy-making and administrative role in government, and ascribing to each some different and independent order of importance.

McLeod's primary argument was that Glassco had, in addressing the very rationality of state intervention, greatly exceeded its

limited terms of reference. While this argument is not taken up in this discussion, it serves notice that there was wide recognition at the time of a changing rationality of intervention, and of the need to change administrative forms in order to accommodate changes in policy. McLeod's argument also serves notice that rationality is not objectively given, but is socially and politically determined.

In the United States, similar changes had led to the formation of the two Hoover Commissions of the late 1940s and early 1950s. These had examined the federal bureaucracy, and had suggested new management methodologies. These commissions served as a model for the work carried out by the Glassco Commission in Canada.

The formation of the Glassco commission addressed a changing content of intervention, from macro-economic demand management to a ,reater micro-level involvement in both social and infrastructural and industrial programmes. The suggested changes that would bring form into line with content focused on a change from a rule based rationality of generalized intervention, to a goal oriented and particular one. The first volume of the report is primarily concerned with "service, rather than the achievement of savings", arguing that "...the machinery of administration must be made most responsive to the wants and needs of Canadian people."

The goal of the reforms was to decentralize decision making to departments, thereby 'letting the managers manage' while simultaneously maintaining a coherent overall rationality of intervention. A background paper prepared for the commission notes that:

A fundamental recommendation resulting from this review is that further authority and responsibility should be delegated to departmental management at all levels. Ministers and Deputy Ministers have obvious responsibility for providing services and implementing government policy and we believe commensurate financial authority should also be vested in the department to permit the proper discharge of these responsibilities. It is clearly recognized, however, that external control agencies are an essential part of government and that there must continue to be certain limitations placed on the extent of unilateral departmental action. We believe, however, that these limitations should be on a broader base and permit the exercise of departmental management prerogative to a much greater extent than at present.¹⁷

The objective was to create an institutional split, both between departments and between operations and administration within departments. Moreover, operational units were to be dispersed, and power delegated, so that they were able to more effectively represent client needs. As the report notes:

Unless operations are dispersed and operating responsibility delegated, administrators may be diverted from their essential task by the intrusion of operational questions. Where operations involve dealings with the general public, dispersion and delegation will make departments most responsive to public needs.¹⁸

Therefore, representation and coordination functions were to occur within departments and state agencies. The commissioners recognized that the arrival of the welfare state, and the trade-offs (or contradictions) contained in the content of welfare state policy required closer contacts with client groups.¹⁹ The commissioners recognized as well that this "representation" was perilous in the absence of effective controls. The report, however, seems to express a naive belief that sound management practices and intelligent restructuring could square the circle, and effectively mediate the contradictions inherent in the content of welfare state

intervention. Clearly the Commissioners recognized the problems associated with control by central authorities, and the need for delegation to departments in order for them to meet responsibilities.

Two themes are therefore apparent in the changes proposed by Glassco. First the commission proposed a decentralization of decision making authority to the departments, and second, it recommended the establishment of linkages that would serve to co-ordinate the output of those departments. They set this out as follows:

The needs of effective management fall into two categories: first, those associated with the administration of departmental operations; and second, those involved in the central direction and coordination of government activities as a whole.²⁰

In volume I of the main report, the commissioners note that:

Although the departments are the primary operating units, each, as has just been noted, is only a segment of a single entity - the Government of Canada. The policies and programmes of each must be balanced against and harmonized with those of other departments and agencies; they must justify themselves, in the last analysis, in terms of their contribution, not to the department itself or its particular interests, but to the general interests of the Canadian people.²¹

While representation, or service to the various publics was to devolve to departments, coordination was to be a function both of more autonomous departments and of government as a whole. Within the departments, coordination was primarily a function of separating operational and administrative concerns and applying rational management techniques, while within government as a whole, coordination was to remain a function of central agencies-most notably Treasury Board. Referring to the differentiation of

functions within departments, the report notes:

Unless operations are dispersed and operating responsibility delegated, administrators may be diverted from their essential task by the intrusion of operational questions. Where operations involve dealings with the general public, dispersion and delegation will make departments most responsive to public needs.²²

Moreover, administration was seen as generic to government, so administrative techniques were a means of coordinating within departments. The decentralization necessary for the formation of policy outputs that met the needs of particular state clients was to be balanced by the creation of a single policy manager or coordinator for government. This was a role envisioned either for a Treasury Board separated from Finance and responsible to a Minister with only that particular responsibility, or a Central Management Board proposed by Glassco. The role of this singular central agency, whatever its ultimate form, was outlined as follows:

Although the departments are the primary operating units, each, as has just been noted, is only a segment of a single entity-the Government of Canada. The policies and programmes of each must be balanced against and harmonized with those of other departments and agencies; they must justify themselves, in the last analysis, in terms of their contribution, not to the department itself or its particular interests, but to the general interests of the Canadian people. The money it spends is not departmental money available as of right, but public money...²³

Agencies were to coordinate policy intervention via a goal based rationality or accountability rather than one of "politically" imposed rules. Individual departments were to be given as much discretion as possible to carry out their mandate. But departments were also to remain accountable to a central

authority in terms of the overall attainment of "self evident" goals through internal administrative techniques, and to the overall or general interest, imposed by strengthened central agencies.

In conjunction with these linkages of coordination, Glassco also introduced technocratic or rational processes as a means of coordination within departments interacting with state clients. The report talks about developing a commonality of practice based on the "application of management tools appropriate to [departmental] operations."²⁴ Budgeting was at the core of these practices. The purpose of these practices was to implement a broad ranging rationality. Budgeting represented a method of internalized coordination. As noted in the first volume of the report:

Budgeting, accounting and other financial measures are a means of providing all levels of management with targets or objectives so that the performance of each may be measured. They also provide a check on the efficiency with which available resources, material and human, are used. Modern business, losing with growth much of the direct incentive provided by profits, has been forced by competitive pressures to develop techniques to meet modern needs. Similarly, the explosive growth in the scale of government expenditure necessitates the adoption of modern and efficient management methods, similar in many respects to those employed in business.²⁵

Budgeting and accounting methodology emphasized programs and performance rather than line item expenditures, and thus provided common and objective standards for performance measurement. A paper from the Financial Control and Accounting Project entitled "Accounting Systems (General)" describes this process as follows:

The introduction of 'performance budgeting' will place greater emphasis on the existing accounting system and its flexibility in meeting the needs of management. A performance budget is

defined by the Hoover Commission as follows: "a budget based on functions, activities and projects...which would focus attention upon the general character and relative importance of the work to be done or the service to be rendered rather than on things to be acquired, such as personal supplies, equipment and so on... . The all important thing in budgeting is the work or service to be accomplished and what that work or service will cost." Such a budget will require in estimates and accounting systems a breakdown in terms of the purpose, programs and activities of the organizational unit. ²⁶

The text of the Glassco recommendations describes a new type of budgeting would involve a division of labour between a planning function that would remain in central management hands via the accountability structures discussed above, and a control function that would devolve to the departments through the process of decentralization.²⁷ A background paper prepared for the Financial Control and Accounting Project describes program budgeting as a four step process, in which the first step would presumably be the responsibility of either Treasury Board or a 'Central Management Board' and the remaining steps would be those belonging to the departments:

- 1- the establishment of broad objectives, compatible with the approved role of the department, for a future period of five years
- 2- the interpretation of these broad objectives into more specific programs
- 3- the conversion of these programs into the estimated resources necessary for their accomplishment
- 4- the administration of departmental activities in accordance with these approved plans ²⁸

Clearly coordination was to occur primarily within departments, but with a singular rationality permeating all these differentiated institutions. These processes represent rudimentary beginnings of a PPBS-like system; a technology that was coming into practice in the U.S. military and increasingly in the private sector. The primary feature of these processes was an evaluation of programs rather than expenditure performance.

The Glassco reforms therefore had two themes. The first was decentralizing state structures, allowing the "managers to manage". The second was the adaption of technical practices from the private sector that would help cement a "common interest" without reverting to rigid bureaucratic rules and/or structures. This represented a paradigmatic change in the form of policy intervention.

A Summary of Glassco

In developing two models of policy intervention in Chapter III, I used Offe's argument that legal bureaucratic administration, while functional for an "allocative" state with a simpler and limited role, is not so where the role of the state is "productive". Offe's argument offers a clear theoretical picture of the changes that took place in Canadian public administration in the late 1950s and early 1960s. He suggested that the changes in the content of intervention would entail administration that was both more decentralized in order to directly represent diverse interests, while at the same time more centralized in that a

variety of rational management techniques and structures would be required to coordinate often contradictory demands.

In terms of coordination, Glassco was a notable failure. One obvious reason for this is that the techniques and practices suggested by Glassco represented new, and imperfectly developed techniques. The Glassco proposals relied on imperfectly developed practices whose applicability to government was far from proven. This failure, however, involved more than simple technical considerations. Glassco specifically saw many evolving social welfare functions of the administrative state as provincial and municipal prerequisites. Thus the primary focus of expanded administrative structures would be, as noted by Doern, the provision of infrastructure to facilitate capital accumulation based on full employment. Therefore, in large measure, it simply failed to take into account the fundamental contradictions that were inherent to this form of intervention. In fact the Report of the Commission confidently asserts that social welfare provisions would remain the sole responsibility of the provinces, as constitutionally mandated.²⁹

Decentralization in search of enhanced administrative representation was by contrast a greater success than had been anticipated. Thus while Glassco addressed both sides of the mediation equation, it failed to anticipate both the scope of the expansion and contradictory nature of state intervention as well as the difficulty of coordinating these contradictory demands. As I will discuss in the following section, this enhanced ability to

represent diverse and increasingly numerous interests was to be the basis of a crisis of the welfare state that would unfold in the 1970s.

2- The Royal Commission on Financial Management and Accountability

Introduction

Just as the content of intervention during the second stage of Keynesian development sowed the seeds of the crisis of the welfare state that followed a decade later, so to did the form of intervention create the preconditions for the crisis of public administration to which the Lambert Commission was a response. The Glassco commission offered its recommendations during a period that saw the demise of a simpler Keynesian concern with macroeconomic demand management, full employment and a relatively simple social wage. By contrast, the Lambert commission worked through a time when there was a growing awareness of the state being overwhelmed by competing and often contradictory demands. Lambert can therefore be located in a crisis of the Keynesian paradigm.

Historical Antecedents

The immediate aftermath of the Glassco proposals saw the end of the economic downturn of the late 1950s and early 1960s, and the defeat of the Conservative government. Both events signalled a new direction in state intervention that was to characterize the decade from the early 1960s to the early 1970s. The Liberal government that took office in 1963 once again pursued full employment policies, and began to expand the range of social entitlements. This period saw the introduction of Medicare, the expansion of unemployment insurance and the creation of the Canada Assistance Plan to share social assistance costs with the provinces.

It also saw the return of high growth rates, and with this, even further demands on the state. With full employment again a reality, inflation became a problem as never before. This time, however, it was accompanied by a greater degree of labour militancy, resulting largely from pent-up demands from the earlier recession.³⁰ As a result, there were, during this period, experiments with incomes policies and with more restrictive monetary and fiscal policies. The result was a growing loss of confidence in the efficacy of Keynesian policies. By the mid 1970s the economy was experiencing both rising unemployment and inflation. In 1975, the Trudeau government signalled the abandonment of the Keynesian paradigm with both wage controls in the guise of an anti-inflation policies, and more conservative, or

gradualist monetary policies. As David Wolfe argues:

Taken together, these two aspects of the government's new economic strategy indicated that the traditional Keynesian notion of discretionary changes in fiscal and monetary policy to offset fluctuations in the economy was dead and buried; it had been supplanted by a return to the traditional Victorian "balance the budget" orthodoxy, which had prevailed during the depression.³¹

The economic decline of the 1970s made clear the contradictions inherent in satisfying competing and often opposing demands that were at the heart of the Keynesian compromise. While capital was increasingly international in character, it continued to rely on the state for the provision of collective services and infrastructure. At the same time, the amelioration of the effects of economic decline required the expansion of social welfare activities by the state. Concurrent with changes in expenditures, tax burdens were also shifting from capital and profits to labour and wages as well as consumption. From 1961 to 1976, corporate taxes as a percentage of federal revenue fell from 22.7% to 15.7% while taxes on income increased from 30.5% to 42.6%. Thus a 30.8% decline in the proportion of corporate revenue was offset by a 42.6% increase in the proportion of wage based revenue.³² This trend was even more dramatic in provincial revenues.³³ These changes were directly attributable to the increasing mobility of capital.³⁴

By the middle of the decade, Canada had suffered an outright decline in manufacturing employment, but also had the highest manufacturing wages in the world. The result was declining investment, further deindustrialization, increasing unemployment

and a declining revenue base.³⁵ The Auditor General's report of 1975 expressed a theme of fiscal crisis. The federal government had commissioned the auditor general in 1974 to conduct a study of government spending. The report argued that there had been a breakdown in financial accountability, and that "grossly inadequate" financial controls had caused government to "lose credibility and control". Only adequate controls, the auditor-general assured the government, could restore this credibility and control.³⁶ It was this report that led to the formation of the Lambert commission.

The Royal Commission on Financial Management and Accountability

In Lambert we can see both the beginnings of a rejection of the Keynesian consensus, and a return to a rigid and singular concern with balanced budgets. Indeed Lambert's final report quotes British Prime Minister James Callaghan in noting that:

When we reject unemployment, as we all do...then we must ask ourselves unflinchingly-what is the cause of high unemployment? Quite simply and unequivocally it is caused by paying ourselves more than the value of what we produce... It is an absolute fact of life which no government, be it left or right, can alter...We used to think that you could just spend your way out of a recession and increase employment by cutting taxes and boosting government spending. I tell you in all candour that option no longer exists for the economy.³⁷

Lambert argued for the need of a return to values of "prudence, economy and restraint". Yet it did not acknowledge contradictory demands placed on the state, and the resulting problem of forging a "common" or "self-evident" interest. It seemed fixated on

internal processes. Thus Lambert argued that effective mediation required merely that effective coordination be reestablished via the imposition of accountability and financial controls. As the final report notes:

After two years of careful study and consideration, we have reached the deeply held conviction that the serious malaise pervading the management of government stems fundamentally from a grave weakening, and in some cases an almost total breakdown, in the chain of accountability, first within government, and second in the accountability of government to Parliament and ultimately to the Canadian people.³⁸

Lambert located this breakdown in the failure of Glassco to provide adequate means of coordination. As the final report notes:

The Glassco Report recognized the need for the increased delegation of authority to individual departments and agencies to be matched by a comparable degree of accountability. Unfortunately, the Commission provided no clear direction as to how such accountability should be rendered within government, perhaps because it considered itself barred by its terms of reference from recommending an accountability framework that would extend from government to Parliament. This resulted in a number of serious flaws, the gravity of which was enormously compounded by the rapid growth in the scope and scale of government itself.³⁹

The starting point for any discussion of the Lambert Commission should therefore be its linkages to Glassco. The final report of the commission, the progress report, and the background documentation, all recognize this. The final report of the Lambert Commission notes that:

...it is important, I believe, that you be aware of two themes that run throughout this Manual. The first of these concerns the view of the Glassco Commission that "departmental management must be entrusted with the power of decision in many of the areas now being controlled by the staff of Treasury Board." ... This theme is repeated throughout the manual. It is the clear intention of the Treasury Board to grant substantially increased authority to departments as soon

as possible. It is equally clear however, that the two halves of this theme - increased authority and corresponding accountability cannot be separated.⁴⁰

This restates the dual themes found throughout Glassco. The theme of coordination was picked up again the introduction of the Lambert Commission in the House:

...draw the attention of Honourable members to the fact that, although the Glassco Commission acknowledged the importance of a suitable system of accountability as an essential safeguard or guarantee of integrity, it stated that the study and development of such a system was beyond its terms of reference.

I feel, however, that some formal concept or philosophy of management must be recognized and developed within the overall public management system. It was for this reason that the Enquiry on Financial Management and Accountability was Commissioned last year.⁴¹

Hartle sees the connection between Glassco and Lambert as the failure of Glassco to come to terms with the practice of auditing and/or financial control, and in particular the debate over the question of what the functions of financial control are. "He argued that:

It is one of those ubiquitous ironies of life that the very loss of financial control in the narrow sense trumpeted by Macdonnell arose largely from the implementation of Glassco Commission recommendations that central agency financial and personnel controls be largely eliminated. Remember the Glassco phrase: 'let the managers manage'. Well, deputy heads were gradually given a great deal of discretion. Unfortunately, Glassco forgot, as did those responsible for implementation, that delegating of authority without the concomitant burden of responsibility (read accountability) is a recipe for disaster. And accountability requires some means of monitoring how discretion has been exercised. Monitoring is thus the nub of the degree of delegation question.⁴²

Lambert, in Hartle's view, is primarily concerned with coordination, and in particular with two aspects of coordination: planning and control.

While Hartle accurately captures the theme, he also misses the causes. Fiscal crisis was paramount. The Progress Report of the Commission, issued two years before the final report in 1979, and the final report itself, both see fiscal crisis as a catalyst for the proposals. Indeed, the Lambert proposals recognize the role of crisis throughout the proposals for administrative change. It is not crisis, however, as is understood in this discussion. The crisis, as viewed by Lambert, originates within the state. The report expresses a naive belief that new and improved management technologies, and more sustained effort in their application, would curtail this unsustainable expansion.

The solution proffered by Lambert was what Hartle terms a combination of Management by Objectives and Planning and Program Budgeting techniques that would serve as linkages of accountability between departments and central agencies. In its introductory remarks, the Final Report refers to these as means of establishing "objectives against which the performance of a department or agency can be measured either in total or in respect of a particular programme." Thus accountability, it seems, was to be established by means of these rational management techniques. The final report of the commission notes that:

Over the course of the past few years, several new financial measures for improving management efficiency have been developed and applied to a limited extent within government, including cost-benefit analysis, program planning and budgeting, operational performance measurement, and management by objectives. The contribution of each of these has been limited because, in the absence of any requirement for departments or agencies either to manage their affairs effectively or to demonstrate to the Government and Parliament that they were doing so, there has been little pressure to

apply such techniques rigorously.

If waste and misdirection of resources are to be avoided, financial considerations must be at the core of every phase of departmental activity. These should form an essential part of the entire planning process, the budgeting of resources to implement those plans, the control of subsequent expenditures, and the evaluation of the efficiency and effectiveness with which any activity has been undertaken. That financial considerations have instead been consigned to the periphery in many departments and agencies is a reflection of the lack of concern within government about the quality of management itself. ⁴⁵

Rational coordination via budgeting and planning controls were the primary focus of Lambert. The Progress Report defines accountability as follows:

In its simplest terms, to be accountable means to be liable to be called to account for an accepted responsibility, but this definition is not practical unless it is extended to include a judgement upon the performance of that responsibility. Thus meaningful accountability requires that there be:

- Procedures for setting objectives and goals and for assigning responsibility to achieve results
- A reporting system or systems that provide information on the progress made towards the achievement of goals
- A review of the reported results with the purpose of evaluating performance⁴⁶

This idea of accountability is one that derives from what the Commission expressed as its mandate, which was the development of management structures and practices that would enable government as a whole to "manage" expenditures for which it was responsible, in a context of "unprecedented growth and altered circumstances".

The final report thus presents what it calls a "mutually compatible management system". The starting point of this management system is still relatively autonomous departments, as with Glassco, but with more clearly defined mandates, and with

these mandates more closely tied to central allocation of resources.⁴⁷ This, it was argued, would correct for the delegation of authority without accountability that plagued government. The process of accountability, for Lambert, was financial management. It was noted that:

...financial considerations should be at the core of every phase of departmental activity. They should form an essential part of the planning process, the budgeting of resources to implement those plans, the control of subsequent expenditures, and the evaluation of the efficiency and effectiveness with which any activity has been undertaken. Sound financial administration is an essential instrument for the efficient management of departments and agencies. It is, however, equally important to the process of accountability, providing senior departmental officers, the Government and Parliament with a yardstick by which to judge results achieved in relation to the amount of financial and human resources devoted to the undertaking of any task.⁴⁸

Treasury Board was to become the central agency of policy accountability, setting broad objectives for departments and monitoring performance in terms of objectives, closing the "accountability loop". It was to be the focal point of accountability. The report notes that:

In short, accountability relies on a system of connecting links - a two-way circuit involving a flow of information that is relevant and timely, not only for managers but for those who must scrutinize the decisions and deeds of managers. We gauge its presence when we observe that a certain discipline has been imposed upon those who are assigned roles and duties in the system. In simple terms, accountability is that quality of a system that obliges the participants to pay attention to their respective assigned and accepted responsibilities, to understand that it does matter. Thus the likelihood that agreed goals and objectives will be attained is enhanced.⁴⁹

To this end, the Lambert Commission recommended that the Treasury Board be reconstituted as a board of management. This Board of Management was to be empowered to impose financial

management processes on departments, and in doing so, ensure accountability.⁵⁰

The implication of these proposals was that institutions within the administrative state serve a dual role. They both represented the interests of clients and at the same time coordinated these interests with the overall objectives imposed by state managers such as Treasury Board or its successor, a Board of Management. Arguably, the primary concern of Lambert was the establishment of a more coherent framework for administrative mediation and intervention. Thus the report notes:

The institution of sound management must begin with the establishment of goals and the assignment of relative priorities to them through the allocation of resources. The size, diversity, and complexity of government has long since passed the point where any highly centralized organization could possibly implement the great number of policies and programs developed to achieve the multiple objectives of our governmental system. It thus becomes essential to assign to individual departments and agencies the responsibility for meeting clearly specified objectives, to delegate the authority necessary to implement their mandates, and to provide the financial and human resources they require.¹

Decentralized administrative representation envisioned by Glassco was conditionally re-affirmed. It was, however, to be balanced by strengthening both the structures and processes of coordination.

The purpose of the Lambert reforms, then, would seem to have been to put coordination processes within a single intellectual framework. In large part, the framework is provided by techniques of rational management. In particular, the Progress Report focuses on a **Planning Programming Budgeting System (PPBS)**. This is the procedural corollary the structural changes envisioned with

Treasury Board or the Board of Management. The goal of this type of budgeting is to focus on program rather than item expenditures, and thus allow the budgeting process to serve a more effective coordinative function.⁵¹

While there is little that is controversial about auditing in the sense of reconciling expenditures, there is a question of the auditing of political decisions that goes to the heart of Lambert. Hartle sees the development of management technologies as a catalyst for the Lambert proposals. The commission saw these reforms as neutral and objective:

Planning, Programming and Budgeting is a financial planning device introduced into the federal government, not to substitute for the political process, but to provide a broader basis for decision making. Its objective is to reveal the implications of planned programs in their entirety and in relation to other programs⁵²

Marino, however, recognizes that processes such as PPBS are a means of rationalizing policy to specific interests, an idea echoed by Bakvis and Aucoin who see processes of this type as attempts to overcome state output based on a "disjointed incrementalism" and move toward a more rationalist approach to outputs. In this sense, Lambert represents a recentralization. Yet this interpretation fails to recognize that it represents a continuation of the process begun by Glassco.

Lambert's major flaw would have to be that it 'assumed' the possibility of a rational state, one that pursued coherent objectives, and thus overlooked the possibility that an 'irrational' state might pursue incoherent objectives that did not maximize accumulation and minimize costs. Moreover, it failed to

accurately locate the source of a common interest or rationality. In so doing, it attempted to impose structures of accountability that were increasingly meaningless. The final judge of programme effectiveness was client groups, who were also the source of representational inputs. Meanwhile, accountability was to a legislative institution that, at best, only indirectly represented client groups. Rational management techniques could only hope to disguise or paper over the fundamental contradictions involved in representational inputs.

Boyle argues that Lambert was an attempt to impose rationality on administration, and ultimately on political decision making. However, it, like other reform attempts, was predictably unable to overcome, or circumvent the contradictions inherent in mediating conflicting interests.⁵³ In this regard the Nielsen Task Force on Program Review talked of simplifying programs and program delivery, but in reality was about introducing more singular values of accumulation as the rationale for intervention. This is, of course the basis of the second paradigm or model discussed in chapter III. It is also the subject of the discussion of the Public Service 2000 reforms in the next chapter.

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CHAPTER VI--SCHUMPETERIAN INTERVENTION: PUBLIC SERVICE 2000

The Public Service 2000 initiative is the final reform proposal looked at in this study. It represents a clear break in the process of public service reform. It was not an external Royal Commission, but an internal management initiative, driven by the Privy Council Office, under the direction of the Clerk, Paul Tellier, a manager responsible for the process, John Edwards, and nine task forces looking at different subjects and chaired by senior public service managers.

This initiative was a key component of the overall Mulroney government agenda, and so there is little disagreement that the suggestions for administrative change that arose from this initiative are related to a fundamentally different role for the Canadian state. The theme of the PS2000 White Paper is one of deregulation and decentralization, or the creation of a "flexible" public service, balanced by enhanced accountability. It should be clear that these reforms also express a recurrent concern with untying the knot of central controls while maintaining accountability. As I will discuss below, however, the suggested means of solving this as yet unsolvable contradiction involves, this time, both closer relations, and indeed structural linkages with client groups, balanced by a recourse to shared values and consensus on particular issues as the means of coordinating policy decisions.

1- The Socio-Economic Context of Paradigm Change

By the mid 1970s, it was clear that there was an ongoing crisis of falling productivity, rising inflation and unemployment. This represented both a crisis in fordist production and as well a crisis of the Keynesian Welfare state. As Brodie and Jenson note:

...these years were marked by dramatic shifts in centres of economic power both between and within nations, wavering policy responses by the federal government in the face of economic crisis, and uncertainties about the future. These uncertainties were multiplied in the early 1980s by a deep recession and an unstable trading relationship with the United States. But beneath all of these manifestations of instability and trouble was the ongoing process of economic restructuring for an uncertain future. Postwar capitalism appeared to have reached the limits of expansion under the old system. Thus Canadian capital and the state responded to this crisis with new forms of production, new labour processes, new products and new social relations. In short, the rules of the game were rapidly changing...²

A central factor in economic change was an increased reliance on trade, rather than domestic demand, to fuel economic expansion.

³Given this rationale, a partial return to laissez faire policy serves as an attempt to attract investment. As Daniel Drache and Meric Gertler argue:

As states seek to reduce barriers to investment as the principal way to create an environment favourable for world commerce, the return to the raw principles of neo-liberalism requires a realignment of labour markets to better fit the new regime of accumulation. Market forces are to be free to pursue their immediate private interests subject only to minimal government regulation. In theory, the stated aim of market liberalism is to confine the state to a rigid political shell within which flexible market forces will generate the social order. In fact the pressures on the state are more complex."

The state has begun to abdicate autonomous pursuit of a national interest and the protection and fostering of domestic industries. This has not, however, precluded state involvement. Drache and Gertler argue that the state has not become "less interventionist but more instrumentalist"⁵, acting within an increasingly narrowly defined rationality of competitiveness. As Panitch and Swartz note, this represented a break with the content of intervention during the Lambert period. As they note:

Whereas the Trudeau government's central concern was to break the back of wage militancy in the context of double-digit inflation, the Mulroney Government's main concern was to attune the state more directly, and much more fundamentally, to the broader business agenda of the 1980s. Since the late 1970s, the pace of capitalist restructuring at the level of the firm, and internationally, had been accelerating. It became clear that this had to entail, insofar as capital was concerned, extensive restructuring of the state itself...⁶

This describes a qualitatively different, and not quantitatively reduced intervention. Canada, with its open economy and fragmented political structures, has been particularly vulnerable to pressures of globalization and international trade. While two of the policy responses have been the reduction of tariff barriers and a reliance on market forces to sort out restructuring,⁷ Jenson describes a third, and for these purposes, more important policy response: a Canadian version of Offe's concept of consensus administration, or the formation of intervention strategies based on linkages with client groups, and rationalized by a recourse to shared values.⁸

These describe what Myles argues is a new paradigm of state-societal relations. Myles' argument is that the welfare state

reached an impasse, generating more problems than were solved. What has occurred, he argues, is a paradigm change. The Public Service 2000 initiative is therefore an attempt to realign form with the altered policy content of this newly emergent paradigm.⁸

2- Public Service 2000

PS2000 fits within the context of the second model developed in Chapter III. It represents a proposed change in the form of state intervention. In developing the model in Chapter III, I used Jessop's argument that intervention is undergoing a fundamental shift in response to changing socio-economic relations. As with earlier modes of intervention, changing forms both reflect and shape the transition to more "flexible" and "innovative" production.

The way in which this reflection and shaping occurs is captured in Offe's concept of "politicized administration". Offe illustrates how this new mode of intervention requires both the forging of linkages with state clients and at the same time a recourse to shared values and goals. Offe's comments about new forms of intervention appear prescient. As I noted in the introductory remarks of this chapter, the two primary themes of the PS2000 initiative have been the forging of more direct relationships with client groups, or enhanced "service to the public", and a cementing of shared values and interests within the partnership arrangements that are a result of these linkages.

Of course, if one views this initiative from an internal, public service perspective, it is easy enough to focus on devolved powers over deployment of staff and resources in search of purely economic efficiency. But PS2000 is more than this. It is linked to the changing role of the state. This is made clear in the White Paper, in remarks by John Edwards, and in the Nielsen Task Force that was, in many ways, the predecessor of the PS2000 initiative. While each of these will be discussed in more detail, the important point for now is that the changes proposed by this initiative are a part of a larger project of altering both the form and content of policy intervention in response to a changing mode of production.

PS2000 is, in fact, incomprehensible in an absence of an understanding of these changes. It seems clear that PS2000 represents the alignment of form with the content of what Jessop calls Schumpeterian Workfare State. This term describes a mode of intervention in which the state assumes two roles that are fundamentally different from those that characterized the Keynesian Welfare State. The first is to foster the development of innovative and internationally competitive industry. The second is the reorientation of social and labour market policy in order to foster more flexible and productive labour market participation. Indeed, the only two major policy initiatives of the second Mulroney agenda focus on these two facets of intervention. The first, the "Prosperity Initiative" focuses on fostering and developing innovative and competitive industry. The second, the Labour Force Development Strategy, looked at the need for a fundamental

reorientation of social and labour market policy geared to more productive labour market participation. These initiatives are not projects of incremental change. Rather, they represent a new paradigm of policy intervention. And an altered content of policy intervention implied by this paradigm change requires, and in fact presupposes altered forms of intervention.

The dual themes of decentralization and tightened control is of course first found in Glassco. There are, in fact, numerous references to connections between Glassco and PS2000 throughout the White Paper and background materials. The White Paper sees Glassco as an initial attempt to import management practices into the public sector, and to transfer management functions to Treasury Board. Lloyd Brown-John views Glassco as a "holy grail"; PS2000 is merely a continuation of the process begun by Glassco. For him, it represents incremental, if significant, change.¹⁰ I would take issue with this, however, as there are at least two fundamental differences between Glassco and the PS2000 reforms.

The first is that this is an internal "management driven" process fundamentally different from earlier Royal Commissions with their external perspective. There is, therefore, a cultural or management bias built into the process itself.¹¹ The PS2000 initiative centred on a consultative process involved the creation of a series of management task forces to look at specific issues,¹² and a committee chaired by the Clerk of the Privy Council to oversee the consultation process.¹³ Jak Jabes and David Zussman call this a "third way":

...to bring about change in large scale organizations which is particularly useful when attempting to change the organization's ideology and culture. This third approach is usually called "shared responsibility for change" since it is a process which relies heavily on behavioral science methods and on change agents who take on the role of facilitators. It requires the commitment of top management from the inception of the process, but not necessarily its involvement in the day to day workings. It is an approach in which those at the top and those at the lower levels of the organization are jointly involved in identifying problems and developing solutions. Organizational members participate in the process of determining direction, methods for change and the guidelines required.¹⁴

The second is that PS2000 attempts to reorient representation and coordination. In introducing this initiative, then Treasury Board President Robert de Cotret noted that this initiative was an integral part of the overall Conservative agenda.¹⁵ It was made clear as well that it was directly related to the Nielsen task force on Program Review¹⁶, which examined both policy and state management. As Boyle notes, Nielsen represented a shift toward a more singular focus of both content and form on accumulation. In this sense, it was a response to the increasing "colonization" of administrative institutions by diverse and often contradictory interests, a concern addressed earlier by Lambert. Nielsen therefore addressed the irrationality of both the form and content of intervention. The question that Nielsen attempted to answer, according to Boyle, was how to rationalize both the form and content of intervention toward a more singular concern with accumulation. There were two facets to this proposed reorientation. The first was to create a "singular intellectual framework" for the creation of policy. The second was to integrate a select group of

social partners into the policy making process.¹⁷

Taken together, the PS2000 and Nielsen initiatives represent the Mulroney Government's attempt to alter both the content and form of intervention. The objective of the PS2000 initiative would therefore appear to be fundamental change in the mediation of policy intervention. This is made clear in an early brief on service to the public:

One purpose of this exercise will be to change cultural and organizational values to reflect the needs of the people we are in business to serve and those who are attempting to deliver these services.¹⁸

The PS2000 proposals are a response to a fundamentally altered socio-economic environment. The PS2000 White Paper makes clear that administrative change is a function of factors of global economic change, fiscal restraints, changing demographics and changing social and productive relations, in short the social and economic environment of the state. It argues that policy responses to this require substantially increased flexibility and institutional change¹⁹. With reference to both Brown-John's argument, and that presented in the White Paper, it is quite difficult to view the changes proposed in the PS2000 process as incremental rather than fundamental, given the paradigmatic nature of the changes in the content of intervention and in social and productive relations. In relating the PS2000 initiative to changes in the socio-economic environment of the state, John Edwards confirms what has been suggested both in theory and in the Nielsen study. He emphasizes that a model of public sector/private sector cooperation is a direct response to global economic change. There are two points

about this that need to be clarified. First, while reform has traditionally oscillated between departmental autonomy and central control, PS2000 envisions a decentralization that begins to link selected social partners to administrative institutions.²⁰ The second is that coordination relies on culture or shared values.²¹ The PS2000 White Paper makes the argument that these changes have in turn led to three changes in public administration processes:

- 1- relaxed central authorities and delegation by departments to frontline staff
- 2- this is in turn to be balanced by a "personal accountability" of public servants
- 3- these two changes in turn require a changed political and administrative culture ²²

In the context of this discussion, this means changing representation and coordination within an altered role of policy mediation. The following sections examine each of these in more detail.

Representation and the Role of Partnerships

The final report issued by the Service to the Public task force suggests a different type of administrative representation. Bruce Rawson, the chairman of the task force, in an article in Treasury Board's management periodical, notes four catalysts for representational change:

- 1- a need to open up the policy process to public participation
- 2- changes in demographics that are changing the role of the state

3- the need to respond more effectively to environmental pressures

4- the forces of global economic change ²³

This envisions a decentralization of authority that moves beyond that that has already occurred from central agencies to departments, a theme of reforms from Glassco to IMAA, to a reduction of the institutional boundaries between state and client. Yet it is not an indiscriminate one. The definition of stakeholders has proven to be difficult and controversial. In a series of workshops that preceded the announcement of the Labour Force Development Boards, there was broad, albeit implicit agreement that stakeholders are those who have a material or propertied stake in a policy outcome (i.e., capital). Thus where policy affects labour, as with Bill C-21 and the Labour Force Development Boards, labour is a natural client group, and employers are stakeholders. The same process, however, does not seem to hold in reverse.

As is implicit in the arguments of both Jessop and Offe, the type of representational change envisioned in this initiative entails more than enhanced consultation with client groups. Tim Plumptre, a consultant involved in the PS2000 process, argues that it requires partnerships with client groups similar to those established between central agencies and departments through IMAA agreements. ²⁴He is, moreover, quite explicit that increased service to the public via administrative channels necessarily means decreased service and accountability to Parliament and central agencies. It is therefore clear that these changes would alter structures of representation. This takes the process begun by

Glassco much further.²⁵

Partnership arrangements will not be the only, or even primary form of policy intervention. There is, in fact, an ongoing tension between power sharing necessary for effective partnership, and the retention and control necessary for effective coordination. It was also clear in many of the discussions leading up to the formation of the LFDBs. This tension, however, obscures the fact that a new form of intervention is emerging as a part of a changing paradigm of intervention. The formation of the Labour Force Development Boards is an interesting illustration of a number of points arising from this discussion. The Public Service 2000 Task Force on Service to the Public points to the LFDBs as an example of new forms of intervention, and Employment and Immigration Canada saw this as a key part of the PS 2000 process.

A series of internal discussion papers "The Machinery of Government" papers, discuss institutional changes related to the restructuring of unemployment insurance and the implementation of tripartite boards to oversee labour market policy at a national and local level. They make clear that the intent within EIC was to form an effective partnership between the federal government, other levels of government, and business and employer groups; labour; social action groups; and training suppliers and educators.²⁶ These papers suggest structural connections between state and client at several levels. Key, however, are a national board that is a policy advisory body composed of representatives of major stakeholder and client groups and local boards that have a more direct role in

policy development and delivery, and local boards, comprised of the same groups, and responsible for implementation and delivery of policy.²⁷

Coordination and the Role of Culture and Values

The IMAA initiative noted earlier provided an intermediate step between rationalized control and decentralized operations.²⁸

John Edwards pointed out that:

Increased Managerial Authority and Accountability was an important step in the continuum of public service renewal. It has allowed several departments to increase the decision-making powers of their managers. The PS2000 task forces are building on the experience of IMAA to see if solutions which we provided to some departments can be applied equally across all departments.²⁹

IMAA focused on coordination by trading devolved authority for adherence to a mutually agreed upon operational plan developed between an individual department and Treasury Board.

It was thus a further devolution of authority within a singular planning and accountability framework.³⁰ While this has been related to PS2000, it seems more of a bridge between coordination based on rational controls and coordination that relies on shared values and consensus. As Offe points out, this is an admission that as the institutional boundaries between state and client are reduced, shared values become the only means of coordinating intervention. It is necessary, therefore, to make a distinction between coordinating policy where there has been a

decentralization of authority (this is the goal of IMAA) and coordinating policy where there is an outright reduction of institutional boundaries.

Two critical points should be made clear. The first is that culture, shared values, is not a new idea. What the White Paper talks about is a changed culture, and the use of shaped (and ultimately enforced) values as a means of coordinating intervention. The second is that the reliance on shared values is almost an admission of failure. With shared power, shared values are the only workable means of rationalization. As noted in the White Paper synopsis:

As Public Service 2000 simplifies the Public Service's administration, and as more and more emphasis is placed on a results-oriented and client-sensitive culture, the importance of effective accountability based on shared values is going to become correspondingly greater.³¹

The role of shared values or interests is obvious with partnership structures such as the LFDB's or the Prosperity Initiative noted earlier. A major initiative associated with PS2000 is the creation of Special Operating Agencies, and these present a subtle, but more interesting illustration of the role of "culture" as a means of creating and/or cementing singular values. Offe describes initiatives such as the Special Operating Agencies as "administrative recommodification". He sees these as one part of a three part strategy of maintaining a commodity form, in conjunction with the enhancement of both labour market participation through training and manpower policies, and competitiveness and innovation of capital through industrial policies.

In this way, Offe relates this type of agency to agencies involved in partnership arrangements between state and client. What he fails to do as clearly is relate the essential role of shared values to recommodified administrative structures. I would argue that the primary goal of Special Operating Agencies is to impose market values on internal, or common service agencies that have no ties to external social actors and their values and interests.

Special Operating Agencies are common service agencies that are given increased autonomy within departments, but at the same time are required to compete with external (non-government or market) suppliers. A number of these have been created, two of the larger ones providing printing services and internal consulting services. The rationale offered for this type of agency in the management literature is that reliance on rational controls or rules both reduces effectiveness and wastes resources. SOA's do not rely on controls but rather on internal market forces, and thus on common values or a culture of competitiveness. As noted by David Roth:

The special operating agency provides the institutional platform needed to foster major structural and cultural change. Interestingly and perhaps more importantly, it is in the clear cut best interests of agency management and staff to push for and make such changes work.⁵²

Lloyd Brown-John sees this as simply a sophisticated type of patronage, rewarding those whose values coincide with the government of the day. This captures an important aspect of SOA's. They are a means of reinforcing particular values. They are not, however, the partisan values or interests of a governing party, but

a market ethos and a built in focus on accumulation concerns. Therefore the intent to develop "business-like agencies within government"³³ goes some way toward ensuring the primacy of business or market values within the state.

The PS2000 proposals include a specific commitment to SOA's as well as other "Government Owned and Contractor Operated" facilities. The White Paper notes that:

The Government is committed to extending the use of Special Operating Agencies to as many organizations as possible, particularly those that are involved in providing routine services to the public and departments.³⁴

As with the partnership arrangements, there is no claim that this form is appropriate for all administrative institutions. Where it is applicable, it again allows for the devolution of authority with a built in value based means of controlling for results.

There are two institutional characteristics essential for the creation of an SOA:

- 1- that they be independently accountable to a parent department
- 2- that they be capable of subjection to market discipline^{35a}

The goal is to allow for decentralization within a singular rationality. SOA's are defined as:

...service units within departments that are given more direct responsibility for results and increased management flexibility where necessary to reach new levels of performance.³⁶

Further, there are five necessary organizational characteristics for potential SOAs:

- 1- sufficient size

- 2- clear mission of service to a particular clientele
- 3- can maintain separate accountability
- 4- operate in a stable policy framework that allows for coherent and measurable goals
- 5- are committed to an SOA philosophy³⁷

The idea is to make the purchase of common services by line agencies optional, and thus subject common service providers to market discipline, commodifying a range of public services. In doing so, a market rationality is introduced to, and becomes the basis of coordinating the outputs of, a range of administrative institutions. As noted by Robert de Cotret:

Within the framework of a new government-wide organizational model, these agencies will give some operational units more flexibility and autonomy to achieve bottom line targets.³⁸

Concluding Remarks

This discussion has necessarily focused on specific aspects of PS2000, and not on the initiative in its entirety. I have tried to concentrate on those aspects of the initiative that relate to the state's response to changing socio-economic relations. I have tried to show, therefore, how a changing form of intervention relates to both content, and to the greater environment in which intervention takes place.

The changes proposed by PS2000 are, in large measure, related to a mode of intervention described by Jessop as a Schumpeterian Workfare State. I have argued that the most important of the proposed changes are those that suggest altering the form of

intervention to allow for both the creation of competitive and innovative capital, as well as facilitate more flexible and productive labour market participation. Moreover, these forms involve both a reduction of institutional barriers between state and client, and a reliance on altered, but coherent values.

The changes proposed in the PS2000 initiative are unlikely, however, to square the circle of contradictions inherent in policy formation. This paradigm of intervention is caught in a dilemma from the outset. If the form of intervention necessarily entails linkages with diverse and often contradictory interests then there can be no recourse to shared values as a means of coordinating that intervention. If, however, those interests are excluded, then the process of intervention will lack legitimacy. So it is only to the extent that excluded groups and interests are content to remain on the sidelines, or can be effectively marginalized, that this process can function.

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31. Public Service 2000, Renewal (Synopsis), p.20
32. ibid., p.9

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34.Public Service 2000, Renewal of the Public Service, p.24

35.Roth, p.9

36.Canada, Treasury Board, Management Update, Communications Division, Treasury Board Canada, March 30, 1990

37. *ibid.*, p.8

38.de Cotret, Robert, Speech to the National IPAC Awards Meeting, unpublished speech notes, April 30, 1990

CONCLUSION

Contributions Made by the Study

At the most basic level, I have tried to use this study to present public administration as a process of mediation as well as implementation. I have further argued that administrative mediation involves both the representation of diverse social interests, and the coordination of "rational" or coherent intervention. More importantly, I have tried to present this process as one fraught with problems or contradictions.

The focus of the study has been on administrative change, and not on the examination of the entire range of practices of public administration. I have, in effect, tested a hypothesis that changes, as proposed in these reform initiatives, are a response to changing rationalities for policy intervention, which are, in turn, a product of changing social and productive relations.

To test this hypothesis, I examined three proposals for administrative reform, in terms of two models of paradigms of policy intervention. Thus the Glassco and Lambert initiatives were located in a model of the Keynesian Welfare State, while the PS2000 initiative was located in what Jessop has termed a Schumpeterian Workfare State paradigm that has succeeded the Keynesian model. I have used these models as a workable means of understanding both

the content and timing of these reforms.

I have made no claims that this study is exhaustive. Several potentially important variables were quite deliberately omitted. Two of these are worth mentioning. The first is the significant concern in each reform initiative with the problem of public service labour. The second is the origins of administration and management practices in the private sector.

It is not claimed that these reform proposals represent attempts to change the rationale of all public service activity. Indeed, much of the activity in the current public service is, and will remain, the simple implementation of policy, based on externally imposed rules. What I have tried to do is look at proposals for change and relate these changes to external factors. Changing practices are therefore a product of changing socio-economic realities.

Overall, then, I have tried to make a contribution on two levels:

- 1- linking changing administrative practices to paradigmatic changes in state-societal relations
- 2- employing an understanding of the relations noted above to more clearly understand the proposals for change arising from the three reform initiatives.

My intention has been to present administrative reform as a reflection of, or response to realities external to the state. To do so, I borrowed Offe's concept of differentiating policy content and form. I tried to show that changing forms of public policy intervention reflect changing state societal relations,

particularly at breaks or points of paradigm change.

I have tried to use both public administration and state theory in order to more fully understand administrative reform. As Offe reminds us, public administration theory often ignores the external environment of the state, while state theory often overlooks internal administrative processes.¹ I have tried, therefore, to apply both bodies of theory to three concrete cases of administrative reform to see if they provide a clearer understanding of administrative reform. The results appear to support Offe's contention that there are no neutral administrative reforms, that they always reflect the state's response to changing social relations.

1-Recapping the Argument

This study began with a question of the contribution it could make to a clearer understanding of concrete changes. The contribution, I have argued, is that it might provide an alternative understanding of administrative reform. Too many studies present these reforms as searches for objective notions of "efficiency" or administrative rationality. They therefore tend to ignore context, and as well fail to define the changing content of concepts such as efficient or rational.

Both Offe and Waldo clearly understand this. Both recognize

that the content of these concepts has changed over time. Offe, in particular, recognizes that they have changed in response to a changing relationship between the state and its socio-economic environment. They were the basis of a process of mediating public policy interventions. I have worked with two variables that I have argued express two facets of efficient or rational administrative practices-representation and coordination. These components of administrative mediation both express rationality and are at the same time contradictory.

I incorporated each of these concepts in two models that describe paradigms of policy intervention. The first model is of the Keynesian welfare state. This is of course associated with fordist mass production, and with macro-economic demand management and social legitimation through the provision of a relatively universal social wage. Administratively, it represented a changed conception of efficiency or rationality, understood in terms of concrete results, instead of adherence to externally imposed rules.² As Offe correctly argues, ad hoc policy intervention implied by this rationality required closer ties with state clients, as well as management technologies that measured concrete results against an overall accumulation rationality. This therefore presupposed both reduced boundaries between administrative institutions and state clients, and at the same time an increased distance that would allow for effective coordination. It was this contradiction, I have argued, that was the basis of the administrative crisis of the KWS. It was within this framework or

model that I located the Glassco and Lambert reforms. Glassco was the initial attempt to alter the form of intervention in the Canadian welfare state, while Lambert was a response to the crisis of over-representation and irrationality that followed.

What Jessop terms a Schumpeterian Workfare State coincides with post fordist, flexible production and with both supply management and targeted social programs. It is therefore more concerned with coherent, micro-level intervention. I have argued that this micro level intervention has two administrative implications. The first is further reduction of boundaries between administrative institutions and state clients, leading ultimately, as Jessop argues, to 'partnership' arrangements. The second is an enforcement of particular values through an emphasis on corporate culture. This is an expression of an altered understanding of efficiency or rationality-one now more grounded in effective relations with external actors, and with consensus. The basis of contradiction, however, is once more apparent, however, as representational needs require the incorporation of a broad range of values, while effective coordination requires the reduction of these. So while the terrain of the debate has shifted from goals to values, the problem of contradiction has not been solved. As noted at the end of the previous chapter, the state is caught in a dilemma of either marginalizing nonconforming interests, or incorporating contradictory interests within partnership structures. It is within this model the recent PS2000 initiative can be located.

Conclusions Regarding Administrative Reform and the State

I argued that the Glassco Commission, like the Lambert royal commission that was to follow it a decade and a half later, was a response to administrative contradictions inherent in the Keynesian welfare state. More accurately, Glassco was an expression of a changing Keynesianism, or what Martin has termed a second stage of Keynesianism. Expanded involvement of the state in demand management, the maintenance of full employment and an adequate social wage required both decentralized decision making by public service "managers" more in touch with client groups and simultaneously relied on tighter coordination; a coordination grounded in self evident goals instead of externally imposed rules.

It is this changed role that is the basis of the theme of Glassco-"letting the managers manage". It is, as well, the entry point, for the Canadian public sector, of the world view of management. It is thus the point of origin of a world view of singular, goal oriented rationality informing ad hoc intervention. As described in the discussion of theory, however, the contradiction inherent in the Glassco proposals is one of trying to both enhance the linkages with state clients, while at the same time tying them to a singular, and often separate rationality.

I argued earlier that the Lambert commission was a response to an administrative crisis arising from this contradiction, or a response to the administration facet of a crisis of the Keynesian welfare state. If a fiscal crisis of the state was expressed in

policy content as a contradiction of accumulation and legitimation functions, then the administrative crisis was expressed as a contradiction between needs for reduced autonomy for the state to effect representation, and enhanced autonomy to coordinate coherent policy mediation.

Thus Lambert coincides with the KWS, but, unlike Glassco, with a crisis of state-societal relations that presaged a paradigmatic change. Its suggestions focused almost entirely on coordination.³ In many ways, Lambert was a rehash of the second facet of Glassco--the creation of more effective central agencies and the introduction of rational management techniques. As noted earlier, the commissioners viewed their mandate as one of "putting Glassco right". What they, of course were unable to put right was the administrative contradiction at the heart of the Keynesian welfare state. Lambert, like Glassco, was unable to reconcile the need to represent divergent interests, and at the same time mediate a coordinated and coherent, or "rational" policy intervention.

Unlike Glassco and Lambert, PS2000 is part of a different paradigm of state-societal relations--what Jessop has called the Schumpeterian workfare state. As with the other reform efforts, this one does not directly address policy content problems faced by the state, but instead their administrative implications. Once again, the proposals address the contradictory needs for autonomy and control. The means by which this is done, however, represent a clear break from what has gone before. Enhanced representation now involves both decentralization within departments, as well as to

partnership arrangements with client or stakeholder groups. Concurrently, coordination is a product of unitary values rather than unitary institutions or goals. The theme of this mediation is therefore one of consensus.

I underscored this argument by looking at two initiatives related to PS2000. The first is the creation of Labour Force Development Boards, which, I argued, are an illustration of the incorporation of client and stakeholder groups in micro-level intervention. The second is the Special Operating Agencies, which illustrate a shift from rational management and controls to the imposition of common, or market based, values.

Final Remarks

My study of administrative reform originated with a recognition of two theoretical shortcomings. The first involved the study of public administration. It was clear, in reading the literature on public administration practice in Canada that there was little understanding of the relation of these practices to external forces acting on the state. Analyses of concrete practices were either decontextualized or insufficiently located in a clear understanding of external socio-economic relations at best. On the other hand, there seemed to be few, if any clear analyses of the relationship of the Canadian state to external forces that took into account the role of public administration practices. This study has tried to reconcile these two theoretical shortcomings.

The two bodies of theory, and the two models developed from these clearly illustrate the break in the form of state intervention as this is aligned to a new paradigm of content. More importantly, the first two reform initiatives, Glassco and Lambert, can be seen to fit clearly within first a later phase of Keynesian intervention and second, a crisis of the Keynesian Welfare State. The third, the PS2000 initiative, clearly appears to fit within a new paradigm of intervention based on fundamentally altered assumptions and values.

If this is accepted, then clearly the conclusion can be drawn that management, at least in the public sector, is indeed not a neutral practice, but reflects specific social values and interests. But as Offe reminds us, we can go further than this. Public administration, or the form of intervention, represents one facet of the state's response to a mode of production. And just as these productive relations undergo periodic crises, so too do paradigms of intervention. Both merely reshuffle fundamental contradictions with each change, and so while each reform initiative promises final solutions to previously intractable contradictions, inevitably these problems resurface in a new guise, and the search for solutions begins anew.

End Notes

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2.ibid.

3.This is, of course, technically not true. The Lambert commission devoted a large part of its final report to a discussion of Parliamentary representation. Although it acknowledged that such comments were outside of its mandate, it appeared to present an idealized vision of parliament as the preferred locus of representation. It is difficult to decide whether this view was simply naive, or whether it was simply an attempt to put a democratic gloss on suggestions for administrative coordination that might easily be viewed as undemocratic.

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