

Review of Jonathan Boston, John Martin, June Pallot, and Pat Walsh, (eds.), *Reshaping the State. New Zealand's Bureaucratic Revolution* (Oxford University Press, 1991), pp. xvi, 408. \$29.95 (paper); John Martin, *Public Service and the Public Servant* (State Services Commission, 1991), vii, 56. *Political Science*, Vol. 44 (1992), No.1, pp.60-61.

The subject of *Reshaping the State* is the reform of the public sector in New Zealand undertaken by the Labour Government between 1984 and 1990. The reform was remarkable, even by international standards, because of its rapid, comprehensive, vigorous, and consistent nature. An analysis of the "bureaucratic revolution" in New Zealand should therefore draw the attention of everyone who has an interest in institutional reform, either from a theoretical or a practical point of view.

Given the scope of the reform, and the fact that the ramifications have not yet all crystallized, the analysis of the change is an arduous job. It is therefore eminently appropriate for such a task to be undertaken by a group of authors, each focusing on a particular aspect of the reform. In this way, the book provides knowledgeable coverage of a wide range of aspects, from the reform of commercially based operations (corporatisation and privatisation), the recruitment and conditions of appointment of civil servants, industrial relations, government spending, financial management and accounting regimes, to departmental reorganisation, devolution and decentralisation, the management of change, and biculturalism, equal employment opportunity, and public service ethos and ethics. Together, the essays supply a wealth of information about what has changed, leaving the impression that, indeed, few if anything has been left untouched by the reforms.

The first chapter written by Jonathan Boston ("The Theoretical Underpinnings of Public Sector Restructuring in New Zealand"), discusses some of the main theories (public choice, agency theory, transaction-cost analysis) and ideas ("New Public Management") which are said to have been at the heart of the reform process. The alleged consistency in the reform process is reflected in the frequent reference to these theories and ideas, in particular to managerialism, throughout the book. Managerialism, identified with a drive for efficiency, is seen as the lynchpin of the reform.

Many of the problems associated with the reform appear to stem from the application of private sector management ideas to the public sector, without sufficient recognition of different nature of the public sector, in terms of problems (the need to respond to multiple, often conflicting, needs and demands), tasks (mediative, regulatory, redistributive, infrastructural) and constitutional context (accountability, rules and conventions). Despite the fact that the reform, in Boston's view, served not just efficiency but multiple objectives (such as enhancing accountability, responsiveness, greater equity), efficiency was, in fact, the overriding goal. This is most clearly illustrated in the chapters dealing with biculturalism, equal employment opportunity, and the management of change in the reform process. The social impacts of the reforms were managed in a reactive way, and where efficiency objectives clashed with other objectives (such as a demand for resources to enhance equal employment opportunities) the former prevailed.

This brings out one of limitations in the analysis of *Reshaping the State*. The identification of theories or ideas as explanations for the nature of the reforms is, in itself, not enough to understand what has happened and why. The influence of theories and ideas is to a large extent related to the strength of the social forces behind them. Institutional reform is a

political process, affecting and affected by the interests, power, and positions of those involved. In order to understand why the State was reshaped in the way it was, we need to look beyond theories and ideas as a "cause". Boston refers to the role of Treasury, key Government Ministers, fiscal imperatives and the "general ideological shift to the right", but a fuller analysis of the politics of the reform, connected with a discussion of the theories and ideas that were used as a frame of reference, is needed to explain the speed, scope and nature of the reforms, as well the apparent contradictions which have been referred to.

A related shortcoming is the identification of the concept of the State with bureaucracy. Most of the book focuses on the reform of bureaucracy and bureaucratic processes, although some of the chapters deal with the issue of "rolling the State back" (the chapters by Mascarenhas, Rudd, and, to some extent, the chapter by John Martin on devolution). However, this aspect of reshaping the State (comprising more than a reform of bureaucracy) receives no coherent discussion in the book. Again, no reference is made to the political nature of this process, nor to the literature which tries to explain the redefinition of the "proper" role of the State, and the shift in perception of the State from a "benevolent" to a "malevolent" institution. Political analysts should look beyond arguments such as "efficiency" and "the drive towards managerialism", and analyse the reshaping of the State in terms of what it is: a political reform coupled with a shift of (dominant) ideology with regard to the role of the State.

The implications of the reforms for the "proper" role of the bureaucracy and bureaucrats is the subject dealt with in *Public Service and the Public Servant* by John Martin, who also contributed a chapter on this topic in *Reshaping the State*. Martin focuses on the question where the duty of the public service lies, on the relationship between public servants and Ministers, and on the relation between public servants and Parliament. His key concern lies with the maintenance of a professional, neutral public service ("loyal to the government of the day") in a situation where reforms have put more pressure on public servants, in particular chief executives, and where the notion of a career service has been seriously undermined. Made more accountable, civil servants need to deliver what Ministers want (performance contracts; focus on "outputs"), and explain to Parliament (appear before Select Committees). At the same time do they have to meet public expectations, and are their activities receiving greater public exposure. On top of this, they have lost the traditional security and advantages connected with a public service career (appointment on contract, more recruitment from outside). The reforms have left the public service vulnerable to politicisation (although this has not yet occurred according to Martin), doubtful about its role (duty to Ministers, Government, Parliament, the public interest?), and uncertain about its future. They have also shaken its self-esteem (distrust by Ministers and Government who increasingly blame public servants and rely on other sources for "contestable advice") Not surprisingly, many experienced civil servants have left, further contributing to a loss in institutional memory and confidence.

Martin provides guidance on some of the questions that have arisen: the paramount duty of public servants is within the law (original emphasis) to the government of the day. The "public interest" is what the Government says it is, Ministers and public servants should refrain from blaming each other openly, public servants should explain but not defend (original emphasis) government policy or actions, and public servants should receive more protection when their conscience leads them to "blow the whistle".

Although these guidelines seem very plausible, it can be argued that what the "proper" behaviour of bureaucrats is depends not only on constitutional demands (accountability), but

also on one's assessment of the qualities that the public service should display. In that respect, Martin's belief in the value of a professional, neutral ("loyalty to the government of the day"), career service has been a strong guide in his looking for firm ground. To a much lesser extent, his guidelines are based on other qualities, such as responsiveness, openness, and representativeness. For instance, it is inevitable, given the diversity of views and interests surrounding most issues, that civil servants give "political" advice to governments. As a result of the reforms, in line with the managerialist view, chief executives have received much more leeway with regard to how they arrive at "outputs". Perhaps that it is only proper that bureaucrats display their views more openly, so that it becomes more transparent how they arrive at "outputs", where and why trade-offs have been made, and how responsive and representative the process has been in terms of "inputs".

The public sector in New Zealand has been transformed beyond recognition. Whether that's a good or a bad thing is a question of judgement. Reshaping the State helps us to assess the extent of the reform, and some of the ideas behind it. The Public Service and the Public Servant raises some important questions about the "proper" role of public servants. Both books are important efforts in trying to "make sense" about what is happening to the public sector in New Zealand.

Ton Bührs  
Lincoln University