No, Minister


Kicking the Canberra can is obviously alive and well. Evidence for this is to be found in Michael Pusey’s Economic Rationalism in Canberra, an ambling sociological account of the federal bureaucratic power elite. Rarely do academic books strike a nerve quite as forcibly as Pusey’s critique of the power of economics over the decisions made by these Canberra mandarins. In only a few months since its release the book has gained enormous recognition and widespread critical acclaim, much of which is surely deserved.

Pusey’s analysis and empirical findings tackle important questions and issues about public policy which deserve to be raised and which are perhaps long overdue in Australia’s case. And this is an important book in its own right because it exposes some attitudes of senior policy makers to both a wider audience and practitioners of a host of related disciplines who would otherwise not normally dip into a text on public administration.

The range of interest generated by this book in part stems from the way Pusey has written about public administration, and in part from the funding vicissitudes of academic areas now interested in policy-related studies. The book’s main argument about the centrality of economics as a public sector discourse is apparently eminently saleable across the range of academic niche markets. It has come to fill something of a gaping void and has already been eagerly seized upon by many who wish to believe that Canberra is dominated by uncaring economic technocrats.

But in the rush to welcome the message of the book we should not overlook the shortcomings of the study. Indeed, we should particularly scrutinise the coherency of its substantive analysis and reflect on the nature of the arguments and evidence used by Pusey. Thus far, many of the book’s claims seem to have been accepted without much scrutiny.

Pusey charts the supposed recent percolation of neo-classical economics into the senior echelons of the Commonwealth public service over the first half of the 1980s. His survey focuses on the years 1985-86, immediately following the 1982-83 recession, at a time when state fiscal constraints were pronounced, the economy was the ‘main game’, and a new reform-minded Labor government was concerned to restructure the public sector. His data is also limited to the federal government, a level of government with the main responsibility for macroeconomic and budgetary management.

One of the more challenging and interesting aspects of Pusey’s book is the attempt to weld findings about the attitudes of senior bureaucrats to both the processes of power within the state and state/society relations over time. As a result, Economic Rationalism is essentially two books in one, with part one based on empirical surveys and interviews; and part two introducing a social democratic and Habermas-inspired critique of how rationality and modernity undermine the integrity of the nation state and its capacities for decision-making and co-ordination. Much of this latter analysis is overloaded with quaint, largely nineteenth century representations of the nation state (and the roles ascribed to it) which do not seem to fit the distended and virtually uncontrollable nature of the present Australian federal state.

Pusey has provocatively subtitiled his study ‘a Nation-Building State Changes its Mind’, and within the book uses evocative phrases to capture his message. For instance, Canberra was “swept by a locust strike of economic rationalism”; the central agencies are trying for a “new minimalist laissez faire state”; and “a passage through an economics curriculum…is the single factor that most strongly sets these young 40 plus-year-old captains of a nation-building state against its historical mission”. But was the federal bureaucracy ever a nation-building state? Can it change its mind? And, if so, has it actually changed as the subtitle suggests? These are the areas of greatest controversy, and opinions about Pusey’s methods and arguments will be divided.

The basis of Pusey’s argument is that there was once a traditional and socially-acceptable balance between economics, politics and society, one which involved a high level of acceptance of state and trade union action. The postwar reconstruction guided by Keynesian economists is supposed to have maintained this balance and preserved state integrity. But, according to Pusey, the balance has gone since the Labor government dismantled the traditional forms of public administration, and replaced them with (among others) an elite ‘senior executive service’ (SES) of policy managers who espouse ‘anti-social’ economic dogma and worship market systems. This new elite is presented as young and aggressive, dominated by economic training and holding right-of-centre political views.

A reading of public sector history, though, would cast doubt on this explanation on at least two grounds: on whether a golden age of state integrity ever existed in Australia; and on whether Canberra (and Melbourne before it) was ever not run by an elite. If both these grounds for doubt are valid, then the state apparatus may have changed ‘its mind’ very little. And the SES elite may now be merely reflecting the oscillating vogues for credibility in a profession “so obviously socially constructed through symbolic interaction, action and
Moreover, if Pusey is unable to show that a new elite has changed its mind, his arguments about the domination of economic rationalism in the SES are equally questionable. In his survey Pusey finds that some 44% of his SES sample possess economics training of some type (and a further 10% had business administration qualifications). However, two-thirds of the departments selected by Pusey in his sample are economics-related or use economic analysis extensively. This is rather like surveying ICI and being surprised to find a multitude of chemists in the laboratories. When figures for the total SES are considered (including many of the service departments and agencies) the percentage with economics qualifications drops to 25%. An economist seeing these figures from another side could justifiably be surprised that such a small proportion of economists appear in economic departments, and so many managers with other types of qualifications are retained.

There is a further contradiction in the argument here about the sort of economic training public servants have received. At one point Pusey makes the point that these economic rationalists in the SES are now in their mid-40s, having picked up and retained a “conservative, neo-classical ‘dry’ and technical econometric orientation” from their university days. The dates, however, do not add up. Anyone now in their 40s (or older) would have undertaken a Keynesian economics training at university. Indeed, universities in Australia did not really start to go over to monetarist doctrines until the mid-1970s, which puts the oldest graduates with this training at only 34 or 35 years of age in 1992 (and under 30 at the time Pusey conducted his interviews).

This, and the conflation of various types of economics training into one ‘rationalist’ brand, undermines the coherency of the argument that early training in ‘anti-social’ economics resurfaces as managers reach the top, and enables them collectively to reorganise the ‘deliberative capacity’ of the state. If a top bureaucrat’s initial university training is the single most important formative experience in their career, as Pusey maintains, then we would expect the present crop of managers to be avowed Keynesians pump-priming and regulating to their heart’s content. Moreover, these kinds of arguments about the importance of formative training and formal curriculum influences depreciate the intense amount of retraining and on-the-job experiences of bureaucrats. Such in-service training occurs according to institutional needs and takes place irrespective of degree specialisation.

When we come to the views of these so-called ‘economic rationalists’, we find that economically trained SES members are far from being in agreement about a range of significant issues. Economics-trained managers display a range of responses to questions about the economy: labour market deregulation, the distribution of resources, the power of trade unions, and the relationship between capital and labour. Economically literate managers were not inevitably rightwing, anti-state or anti-social on a range of measures presented in chapters 2 and 3. Given that Pusey’s data acknowledge this fact, it is a disservice to senior public servants (including those in economically oriented central agencies) to classify them generically in such ways.

Pusey tends toward a monolithic view of the state and its value ‘system’. In his analysis the location of a manager (in central agencies, market departments or service departments) is seen to be less important than a supposed shared rationality which informs the decision-making capacity of the state as a whole. A previous ‘modernist’ preoccupation with the ‘social system’ and with state intervention of a social democratic character is supposed to have been displaced by a ‘postmodern’ preference for serving the god of the economy.

The second part of Pusey’s study represents two lengthy essays about the impact of ‘economic rationalism’ on the state’s ‘reflective’ potential (its ability to solve problems and do socially good things). Pusey sees the Commonwealth state apparatus on the one hand as an amalgamation of budgets, and on the other as an economically driven mind-set now intent on dissipating the state and absorbing it from its previous ‘modernistic’ role. Yet, while some program devolution has occurred within the Commonwealth public sector, there is little sustained evidence of a mass dissipation of the powers of the central state—if anything, the reverse (as state premiers have been saying for decades and again recently as part of their attempt to wrest policy areas from the feds). Moreover, even with the rise of privatisation and commercialisation it is clear that de-bureaucratisation does not inherently lead to a dissipation of the powers of the state or a negation of ‘reflective’ capacity by state managers.

One of the underlying functionalist themes of this part is the repeated assertion that the state’s prime role is one of co-ordination; the questions Pusey addresses here are what form of co-ordination will dominate and what effects will occur. Yet the centrality of the role of co-ordination to the state is asserted theoretically, rather than sustained by evidence of state action. In this way, the rhetorical baggage of what state managers say rather than what they do is accepted as most significant. Such arguments represent a peculiar form of sociological myopia.

Perhaps the main criticism of the study is that the way it is written up is not a fair or accurate assessment of the Canberra-based SES, let alone the non-Canberra-based managers and those often in crucial discretionary positions below the SES. As an argument about the changing mind-set of the nation-building state it is entirely silent on the role of state public services, the service-oriented local administrations, and the myriad of federal and state authorities charged with specific state responsibilities. In short, there is a surprising lack of evidence to support the picture of a nation-building-state changing its mind.

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