Phil Cleary’s win in Wills was trumpeted as the death of ‘economic rationalism’. But just what is (or was) it?

Denise Meredyth argues that the liberal academy’s picture of the ‘rationalist’ bureaucracy is a mite simplistic.

Economic Rationalism in Canberra, Michael Pusey’s colourful account of the ‘locust plague’ of ‘economic rationalism’ in the Australian public service, has been one of the most popular academic contributions to public debate for some time. As a polemic, the book deserves its success. It is lively and emphatic in style, equivalent in appeal to the histories of Manning Clarke and Ross Fitzgerald, those favourites of The Bulletin. Unlike much academic debate, it is also accessible to a wide audience, partly because it evokes the economic winds whistling through the empty city centre of Canberra, but also because it calls upon a number of strong ideal figures, including that of the principled social reformer, the callous yuppie public servant and the econocrat—not to mention the fearless social critic and universal intellectual.

The book piled high in bookshops over Christmas, and Pusey’s appearance in the press provided a starting point for many dinner parties and academic papers. Although many of the academic arguments had been in circulation for some time before the appearance of the book, its release has meant that the terms of its discussion have become widely adopted. And in the process, the term ‘economic rationalism’ has become a shorthand for some very sweeping dismissals of various Labor policies and of bureaucracy in general.

Used precisely, the term ‘economic rationalism’ can be useful in identifying a particular form of governmental rationality and political vocabulary. In some usages, it refers to a specific kind of economic and political
rationality, involving limitations to the activity of the state and support for the unfettered freedom of the market. But in the present debate it is the focus of some confusion, being used to refer to seemingly random combinations of the ‘rational’ and the ‘economic’, including various accountability measures, almost any cutback in governmental expenditure, and most forms of bureaucratic procedure which do not correspond to global goals, claims and critiques.

Pusey’s key argument—for those who weren’t given the book for Christmas—is that there has been a fundamental change in Australian public administration. The public service, once the home of social democratic reform, has been overtaken by ‘economic rationalism’ and corporate managerialism. Since more and more economics graduates have been recruited into the most powerful sections of public administration, the public service has been colonised by a particularly repellent species, that of the ambitious young ‘econocrat’.

Thee ‘econocrat’, we are told, is a conservative yuppie, usually male, from a private school and trained in economics or management. These comparatively young economics graduates now fill the senior ranks of the central agency departments of Treasury, Finance and Prime Minister and Cabinet, forming a powerful cadre force within government. Ambitious, hardworking and clever they
may be, but this species of econocrats lacks the ethics and social insight possessed by the earlier generation of ‘social democratic intellectuals’ who once staffed the public service.

The conservatism of today’s Senior Executive Service officers is specified by means of questionnaires and interviews on such questions as the deregulation of the Australian dollar and of the Australian capital and financial markets, their judgments about the distribution of GDP, their attitude to unions and their position on the deregulation of the labour market. The respondents, it appears, have little or no commitment to central government and state intervention, oppose unionism and support free market economics. They are preoccupied with economic, utilitarian and technical concerns, at the expense of broader social principles. Furthermore, they deny that their professional work is shaped by personal values or principles, insisting instead that the protocols of their professional lives are politically neutral. These responses are taken as symptoms of a more fundamental problem: a rejection of the key values of the social democratic ‘people-serving’ state.

There are two kinds of reason given for this change in values. One is a shift in the educational background of graduate recruits to the public service, resulting in much smaller numbers of senior officers with a liberal humanist educational background and many more with training in economics, law and management. The other strand of argument concerns itself with general flaws in the national conscience and character; describing how anti-intellectualism, cynicism and lack of vision have allowed ‘economic rationalism’ to become acceptable to the Australian public.

The contrast is most strongly marked by comparison with the social reforms of 20 years ago under Whitlam. In the 70s, so the story goes, there was a strong public sector commitment to liberal social democratic goals and support for radical governmental intervention in education, health and community development. State policy and action were determined by a partnership between bureaucracy and ‘the community’, and bureaucratic language and rationality was organic with the ‘lived culture’ of the community.

With high numbers of humanities graduates recruited into the public service, senior public servants were filled with the values provided by a broad liberal education. Equipped with the social insight provided by humanist sociology, psychology and human relations theory, bureaucrats were able to be in touch with social situations in the real world beyond Canberra. There was no split between the bureaucratic and the social, the human and the technical, the principled and utility, the social and the economic.

But since this time, Pusey argues, universalistic principles and the promise of culture have been forsaken for ‘modern utilitarianism’, a tougher and colder reliance on the judicial and administrative arms of the state. The nation’s faith is now placed not in general social principles, but in “the more modern universalism of judicial and administrative deliberation, decision, and above all, ‘fair’ allocation”. The poor substitute for the greater ends of culture and equality is the limited administrative goal of formal democracy, citizenship, equity and accountability.

What we have, then, is something like a family saga of the Australian state, marking the decline from ethical vigour to degeneracy. The pioneering postwar generation of Keynesian reconstructionists are the heroes here. They held staunchly to a program of social reconstruction stemming from their “own distinctively Australian vision of a nation-building state”. But the present generation of senior public servants is preoccupied only with mean goals. As it turns out, these unworthy goals include “fair allocation” and the administration of equity norms within bureaucratic procedures.

The political ambiguities of the book become clearer if we note how comforting it is both for the broad Left and for the Right. For the Right, it confirms the allegation that Left political analysis remains both romantically oppositional and too clumsy to handle the machinery of government. For the Left, a return to the rhetoric of romantic oppositionalism is appealing, at a time when it appears that both Labor Party politics and Left academic analysis have sold out.

On the face of it, Australian political culture has changed substantially since the 70s. Theoretical shifts have meant that it is no longer so clear that ‘Australian society’ is either progressing towards a historical goal (whether cultural identity and emancipation or their opposites). Nor can we speak so confidently of ‘Australian culture’, ‘national character’ or ‘society as a whole’. Other changes have made it difficult to treat social democratic politics as ‘oppositional’, or to assume that there is a clear separation between the principled positions of the Left and the calculations of government. For instance, the last 15 years have seen the governmental adoption and translation of a number of oppositional Left and feminist reform campaigns. Many of those who participated in these campaigns have become part of ‘management’. At the same time a number of ‘progressive principles’ have become incorporated within areas of social policy. In equal opportunity programs, for instance, equity, participation and representation have become routine standards and targets administered and monitored by complex bureaucratic procedures.

For some, these changes are symptoms of a creeping political compromise caused by a generational shift towards co-option and cynicism. For Pusey and others, what has been lost is the broad and global vision, the commitment to absolute principles rather than to targets and quotas. In response, readers are invited to identify with a tradition of social reformist struggle and radical nationalism, strongly associated with the campaigns of the 70s—a time which now seems untroubled by present confusions about the goals of the broad Left or by the painstaking disassembly of the more global elements of Left political analysis.
It may be reassuring to have suspicions of collaboration confirmed and to be told that there is a clear and principled opposition between a tradition of social democratic principle and the interests of the state. But there is much for the broad Left to be wary of here. Such forms of critique contain some comfortably familiar elements of a romantic oppositionalism still strong within the Left. But for all their familiarity and appeal, they provide little connection to the work of those actually engaged in social policy. Consequently, they cannot hope to provide much access to policy debates—and perhaps this is the point.

One of the striking features of Economic Rationalism in Canberra is its relentless insistence on global oppositions: between bureaucracy and culture, between the technical and the human, the economic and the social and so on. The use of this rhetoric is a clue that this is a particular type of cultural criticism, one conducted within highly formulaic terms, usually concentrating on dialectical oppositions and the possibility of transcending those oppositions in a new synthesis.

As Ian Hunter has pointed out recently (ALR 136, February), the rhetoric of cultural critique is deeply imbued with romanticism. In the case of Pusey, this is true in a loose sense, in that his forms of social criticism are explicitly utopian and dismissive of pragmatism and the ‘instrumentalist’ focus on the practical utility of ideas rather than ideas themselves. But the comment also applies in a more strictly historical sense, identifying the influence of romanticism in the ethos and vocation of ‘critique’. This perspective on ‘critique’ as an exercise allows us to see the ‘universal intellectual’ and cultural critic as quite curious figures, attributed with surprising claims to possess special and transcendent vision. And despite the usual contradiction between the human and the technical, these are in fact quite technical and highly specialised exercises.

Reflecting on the ‘social whole’, the cultural critic finds it centrally lacking, riven by splits between culture and utility, the economic and the social, the human and the technical, the feminine and the masculine. The expectation is that the dialectic between these opposed elements will be resolved in a moment of historical and political transcendence. Usually this takes the form of a lost historical moment—in this case, the 1970s. However, the possibility of achieving reconciliation in the future constitutes the kind of ‘political vision’ to which we are urged to be true (the vision of complete equality, human emancipation and social self-realisation). And until this moment comes, social and political existence will be found fundamentally wanting, split into contradictions between culture and utility, the economic and the social, the organic and the technical, calculation and ‘principle’—and, in this case, the bureaucratic and the democratic.

Such a moment, it is clear, becomes possible only when government is in the hands of a certain type of person. This special kind of person is, of course, the ‘social democratic intellectual’ or cultural critic. Possessed of humanistic (in this case, sociological) forms of analysis, they are capable of performing a certain kind of social critique, balancing within themselves the instrumental and the principled, the human and the technical and transcending them within special moments of social insight. The reader is offered identification with this attractive figure through the narrator’s exemplification of the role. Pusey’s adoption of the persona of the cultural critic allows him to claim a transcendent social and historical vision—even while criticising public servants for their “lack of ‘connectedness’ to a population with boring jobs”.

Put in these terms, these claims seem more than a little immodest. The assumption is that the effect of social policy and public administration can be measured against ‘social principle’—a set of absolute political values faithfully maintained within the ethos of cultural critique. In this scale, social administration will always be found wanting, being unable to exhibit a conscience as sensitive as that of the cultural critic.

There is a dual and reciprocal problem here. On the one hand, the scope and effect of academic liberal humanism is dramatically overestimated. On the other, the account is guilty of significantly underestimating the complexity of the bureaucratic ethos. And in the rest of this article, I want to argue that some indications of this complexity can be found within Pusey’s research—but only if we are prepared to read against the grain of his argument.

As John Wanna recently pointed out (ALR 136, February), Pusey’s account of the characteristics of Australian public administration is limited by a very narrow scope. There is, for instance, a concentration on the attitudes and background of individuals, at the expense of a more systematic treatment of the effects of induction and retraining within the workplace. A surprising amount of attention is paid to the effect of university education, whether economic or humanistic: as Wanna points out, the assumption is that officers’ opinions come directly from their academic training. Part of the problem here is the humanist preoccupation with individuals and their attitudes and personal styles, rather than with the more formal aspects of the bureaucratic department of existence.

The problem is that the emphasis upon ‘personality’ excludes attention to the routines and norms which make up the ethos of bureaucratic work—an ethos which is in fact designed to reshape conduct, to regulate the expression of personal opinion and to require officers to distinguish between the ‘values’ appropriate to the political sphere and the analytical decisions involved in the implementation of particular policies. Surprisingly little attention is given to the process by which bureaucratic work translates and reshapes the capacities of the persons who work within it. Nor is there any sense that the bureaucratic ethos requires
individuals to conduct themselves according to the duties and responsibilities attached to a particular status.

Pusey does mention that many of the interviewees had sophisticated rationales for their responses, and he notes that a number of them claimed in fact to be social reformers, with a sophisticated grasp of the intellectual technical technology of the state. Nevertheless, responses which are not couched in the terms of humanist sociology are characterised as assenting to a 'classically technocratic and positivistic view'. Senior public servants are described and treated as specialised intellectuals—and taken to task for not using a particular intellectual vocabulary. But at the same time, Pusey is quite unwilling to treat bureaucratic work as either intellectual or principled, since the operational standards and technical calculations of government are not completely consonant with 'value' and 'principle' as they are understood by cultural critique.

What's remarkable is how little concession is made to the argument that modern government (social democratic or not) requires particular instruments in order to function. Pusey does acknowledge that government programs depend upon a process of translating social or political goals into standards and targets, but his assumption is that such processes of translation are necessarily sinister. But is it really possible to imagine programs of social reform which do not rely on setting goals and targets and making them the objects of decisions? While these standards and targets used by social administration might be more or less sensitive to particular classes and contexts, they are necessarily formal and abstract. In what way, then, is it useful to criticise social administration for using abstract, formal and systematic procedures or for conducting itself within the ethos of disinterest? To put the question another way, is it realistic to suggest the possibility that the criteria used in social administration could be grounded in what Pusey calls 'real tasks and situations'? This is equivalent to imagining modern government without statistics, censuses and demographic information, or any other of the instruments and techniques on which the organisation of modern life has relied since at least the late 18th century.

These are complex issues, recently recast within new historical investigations of citizenship, democracy, social rights and the building of states and societies. Addressing them fully would require a much more elaborate account of the theoretical and historical work on various intellectual and political technologies of the modern state. For now, it is perhaps enough to outline some arguments to the effect that we cannot expect social administration to dispense with the various instruments of government, including particular forms of bureaucratic accounting, conduct and rationality.

We can begin with the visionary conception of the complete society which Pusey holds up as the alternative to bureaucratic rationality. The vision is one in which government could be conducted entirely within the language of 'the people', organic with the community and free of formal and abstract concerns. But despite the reference to the lost indigenous tradition of the social democratic state, the vision bears little relation to the forms and procedures in which sociological terms such as 'society', 'community' become thinkable. Following the work of the French thinkers Michel Foucault and Jacques Donzelot, it is possible to say that the domain which we call 'the social'—and the divisions which we discover within it—are in fact the product of particular instruments and strategies of government, produced with definite and limited historical circumstances. Rather than being the result of an organic evolution towards social self-realisation, they are the technical effect of particular forms of governmental investigation and co-ordination.

Since Weber, it has been clear that the modern state is constituted by a definite range of instruments and techniques, including rational economic planning and systems of accountability. These instruments are a central component of many schemes of social reform and social accounting—whether now, in the 1970s, or in the 1790s. These measures also include the elements which form an ethos of disinterest within bureaucracy, incorporating protocols and procedures designed to make decisions independent of the attitudes of personnel and which require the subordination of 'the personal'.

To anticipate objections, let me insist that these instruments of government are far from 'natural' or 'neutral'. But nor, in themselves, are they the tools of political 'interests'. To draw on Foucault's terms, they form parts of particular apparatuses of government which now, as it happens, operate almost independently, and which cannot be described as either 'progressive' or 'regressive' in themselves. Neither the broad Left nor the broad Right would be able to operate without recourse to abstract and formalising instruments of government, whether statistical, demographic, economic or sociological. It is hard, for instance, to imagine any program of equity-related social reform which could dispense with means to identify goals and objects of decisions.

Perhaps it is time to acknowledge that government involves processes which are both intellectual and technical, both ethical and goal-oriented—and that social administration involves kinds of training and conduct which are in many ways quite distinct from both democratic discourse and the ethos of cultural criticism. We need to recognise that the notion of trying to make governmental procedures 'fit' with the principles espoused by cultural critics is quite utopian and politically unhelpful. Agreeing to these propositions might entail renouncing some of the appeal of oppositionalism. But it might also stimulate forms of political evaluation which avoid political romanticism and which bear more relation to the work of those actually involved in social administration.

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