The Public Sector Impasse and the Administrative Question

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> The negative, the tearing down, can be decreed; the building up, the positive, cannot. New territory. A thousand problems...The only way to a rebirth is the school of public life itself, the most unlimited, the broadest democracy and public opinion.
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> Rosa Luxemburg[1]

Nothing could be clearer today, when speaking about the public sector, than that the centre of political gravity has decisively shifted from state-building to markets. Social democratic governments around the world, and not just in Ontario, Saskatchewan, and British Columbia, have embraced the neoliberalism of the New Right. Gone are the negotiations and compromises about state policy typical of the postwar "golden age of capitalism." During this period negotiations about the future of the public sector were always cast in the *quantitative* terms of fordism: how much more should the "annual improvement factor" for workers go up; what should be the size of *increase* of welfare benefits; and where should new public sector programs be *extended*?

Discussions of the future of the public sector in this new period of "competitive austerity" are still cast in quantitative terms, but with a quite different emphasis: how much should

public sector wages be *rolled-back*; how extensively should benefits be *cut*; and what traditional programs should be *axed* next? The new watchwords of public sector management are now easily recited: deficit crisis, downsizing and voluntary terminations (for layoffs), delayering and empowered public consumers (for privatization), entrepreneurial welfare recipients and partnerships in fiscal responsibility (for cutbacks), and so forth. The political context has shifted so thoroughly that the new view of public sector restructuring goes virtually uncontested.

The public sector impasse has underscored, and indeed reflected, the political crisis of the Left itself, which has been unable, in power or out, to reverse the trend. This has no doubt taken its toll on the political constituencies of the Left: apathy, fear and defeat have replaced political conviction and confidence. The state and the future is ours, the old socialist movement used to say. Now the warning of the youth movement of the 1970s at the onset of the crisis—"No future now"—seems especially prescient. The future now quite clearly belongs to the market and to the capitalists.

There is, of course, still the promise that out of the general disorder new relations of living can be, and have to be, formed. The traditional socialist case against the impoverishment and ecological damage of the market is gaining renewed currency as economic stagnation calls forth the most destructive tendencies of capitalism. But political advance requires that we adequately take stock of where we are and where we would like to go. As Raymond Williams once argued,

> It is easy to gather a kind of energy from the rapid disintegration of an old, destructive and frustrating order. But these negative energies can be quickly checked by a sobering second stage, in which what we want to become, rather than what we do not now want to be, remains a so largely unanswered question...Yet one immediately available way of creating some conditions for its projection, and perhaps for its performance, is now to push past the fixed forms in the only way that is possible, by trying to understand their intricate and diverse formations, and then to see, through and beyond them, the elements of new dynamic formations.[2]

This necessitates sober reflection, however, because the administrative question, so central to a strategy for public sector renewal, has long been a point of evasion in the democratic socialist project.

Democracy and Bureaucratic Administration The competitive state now dominating capitalist societies has been slowly evolving since the late 1970s in response to the general economic crisis, the end of Keynesianism and the turn to the market. It needs to be set against the state structures it has been dismantling and transforming. The postwar political settlement was primarily about controlling the market to prevent a repeat of the economic collapse of the depression. In the private sector this entailed a particular organizational compromise: corporations stabilized their capital investments in massive fordist industrial structures through domination in a single market and through the development of large administrative and marketing bureaucracies; workers gained limited control of the market through union recognition, productivity-sharing and detailed job controls. The public sector played a similar role and took on a parallel organizational form. The market was to be controlled by Keynesian demand management, the welfare state and regulatory policies were to control areas of market failure. These policies, too, had the administrative form of immense scale, detailed operational controls and bureaucratic delivery of standardized goods. The popular management images of the period, "the organization men" and "the new industrial state," still resonate as depictions of the postwar organizational cultures of the private and public sectors.

The bureaucratic administration of the public sector, however, sat uneasily upon its democratic foundation. The public sector could only be controlled, and given its mandate on what to produce, from the deliberations of its legislative arm. Citizens had no direct access to the state through channels other than their elected representatives. And there was no market in public goods in which users could make their alternate choices known. The weight of democratic control entirely rested on the administrative relationship between periodically elected governments and the permanent executive

of the state. As the public sector expanded in size and scope, the distance between the government of the day "choosing" new polices and the front-line officials delivering the services became virtually unbridgeable. The proliferation of red tape, rules, and policy manuals was equally symptomatic of the limited democratic "control from above," as it was of the rigidity of the postwar production system. While endorsing the expansion of public services, it could hardly be surprising that the public felt alienated, as workers and users, from the administrative structures in which these services were embedded. Indeed, when the old state order no longer seemed able to provide a shield from the market by the 1970s, the popular basis for the competitive state had already been laid. And as the old order disintegrated, it took with it the traditional socialist strategies for the public sector as they had come to evolve in the twentieth century.

The Administrative Question

> Modern socialism is overwhelmingly a question of administration.
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> J.K. Galbraith[3]

The Left has never taken up the administrative question of organizing the state and the obstacles to direct popular control in detail. This has made the task of formulating an alternative to the organizational logic of the "market forces" argument for restructuring the public sector all the more difficult. The actual writing on democratic forms of organization and administration even today, apart from general discussion of democratic representation, form a very small library. This silence needs to be placed in perspective for it is a strategic legacy that has limited, and is limiting, our capacity to move beyond the public sector impasse.

Marx, as we know, avoided writing about the outlines of a future socialist society, as did most of his 19th century contemporaries both in and outside the First International. The conception of a future socialist society, however, had little to do with the state and planning as we know them. The vision was consistently of a "withering away of the state" and the replacement of "bourgeois institutions" by

the cooperation of self-governing producers. The difficult questions of the socialist institutions for democratic representation and administration, and for economic co-ordination of production, were left to the side. This was not because, as is so often charged today, they were considered utopian but because it was impossible to specify answers before the historical conditions that could give them birth were present. Marx's vision was informed by the delegate democracy of the Paris Commune, but he insisted that socialists "have no ready-made utopias to introduce by decree of the people...they will have to pass through long struggles, through a series of historic processes, transforming circumstances and men."[4]

The mass socialist parties began to abandon the early socialist aversion to the state around the turn of the century. The parties of the Second International entered parliament and demanded the extension of formal democratic rights and welfare legislation to protect the interests of workers from the disturbances of the capitalist market. But their programs did not put forward new means of administration even as they called for nationalization of industry and the establishment of workers' councils. The communist revolutions of the 20th century, and the coming to power of the social democratic parties, decisively turned the socialist movement toward the state as the centre of power and reform. Yet their contributions to the question of socialist democracy and reform of the machinery of government were slight. Indeed, in both traditions the experiences of depression and war mobilization conditioned the acceptance of control from the bureaucratic centre of the state — the party and the plan in the communist instance, parliament and Keynesian policy in the social democratic case — as the essence of socialist administrative reform, in the process abandoning the conception of socialism as the popular rule of self-governing producers.

For many complex historical reasons, the initial communist states (and those that came later) were not noticeably democratic in character. International isolation, military threat, and the drive for rapid industrialization, pushed to the side the development of lasting alternative administrative

reforms. But things began quite differently: the Bolsheviks' demand for "peace, bread and land" was to be organizationally achieved by workers' soviets and control of the factories. Forms of council democracy were envisioned for other sectors as well, and popular initiatives blossomed in the first years of the revolution. The first task of the revolutionary government was, however, as it has been in other revolutions, the reconstitution of the state machine. Inevitably, even if reluctantly, the revolutionary leadership turned to the existing bureaucracy and administrative structure, though they were aware of the obstacles this posed for socialist democracy. Lenin came quickly to see the administrative question as foremost in the "immediate tasks of the Soviet government": "The whole difficulty lies in understanding the specific features of the transition from the principal task of convincing the people and suppressing the exploiters...to the principal task of administration."[5]

The solution Lenin struck upon, however, was the embrace of the leading capitalist organizational achievement of the time, Taylorism and scientific management, and the slogan of "iron discipline at work." The primary innovation in terms of actual public administration was the staffing of political units, the workers and peasants inspectorates, alongside the existing hierarchical administration. But this proved of little value since it only instituted a monitoring structure within a larger structure turning toward top-down organizational discipline. As Lenin allowed, in one of his last speeches, after five years in power the state apparatus was still "deplorable" and had failed to establish the necessary administrative "conditions of national accounting and control from below."[6] The five year planning process, beginning in 1928 under Stalin, further solidified the dominance of an authoritarian administrative structure. In the evolving command economy, popular initiative and all forms of democratic administration were drained out of the system until the Soviet state, and the states in its orbit, became the very antithesis of socialist democracy, and the embodiment of bureaucratic authoritarianism.

In the social democratic tradition, the cult of planning was, perhaps, not as thorough as in the Soviet case. The

compromising of the objective of collective ownership, implicit in the acceptance of the capitalist market, limited the role and scope of planning. But more important in historical terms, as Ralph Miliband has emphasized, was the acceptance of parliamentarism as the only legitimate representative means, the only means of conducting politics. This had two enduring consequences. It signalled that control of the bureaucratic apparatus was to be limited to those at the apex of the state: elected officials and social democratic experts brought in to assist in reform. The administrative machine was simply to be wielded to new distributive ends as decided upon in cabinet and the executive offices of ministers. It cannot be underlined enough how little *any* social democratic government upon coming to power has altered the basic Westminster administrative relationship: conquering parliament was, and is, seen as equivalent to seizing control of the state.

More debilitating in the long term for the advance of substantive socialist reforms was the abandonment by social democrats of the effort to extend the collective capacities of their union and party memberships to govern themselves. Social democratic movements consistently relinquished their extra-parliamentary activities to focus, almost exclusively, on electing representatives. This had the effect not just of forming a separate "governing class" of elected officials within the social democratic movement, it also foreclosed any option for administrative reform that was not routed through parliament. Yet these types of reforms require precisely the educational processes for developing administrative capacities that are encompassed in extra-parliamentary mobilization and that would have weakened the control of the parliamentary leadership. So, much less than planning, accountability of a hierarchial bureaucracy became the central organizational preoccupation of social democracy, and the primary basis for the extension of democratic reforms: accountability of the apparatuses of the state to parliament; accountability of public officials on the basis of merit and not patronage; and financial accountability of state expenditures to ensure maximum efficiency in service delivery. All were reforms to the good, but were limited in providing the in-

stitutional means to protect progressive gains when the capitalist market turned sour.

The social democratic embrace of Keynesianism consolidated the adherence to top-down administrative practices. Keynesianism was the capitalist form of planning and depended upon the rule of technical experts to plan aggregate demand and to patch-up market failures. Not surprisingly, the great reform manifestos of the 1930s and 1940s espoused administrative rationalization as enthusiastically as postwar reformers did full employment. The best of these manifestos, perhaps, came out of Canada's social democratic movement. But only a small portion of the League for Social Reconstruction's *Social Planning for Canada* was devoted to the discussion of "administration in a socialized state." The reform burden rested entirely on experts in the planning machinery as "the socialization of a large part of industry would necessitate considerable changes in the organs of government administration. But much of this reorganization could be built up from the existing framework."[7]

There was nothing particularly socialist about the planning and administrative policies the social democratic parties actually came to support after the war. Workers' control had already been long absent from the agenda and nationalizations did nothing to advance it. Similarly, the expansion of the welfare state relied almost exclusively on professional expertise, except for a brief moment during the American "Great Society" program of the 1960s, when a wave of participatory administration efforts was unleashed. But upon even slight reflection, it is remarkable how little the social democratic movement did to advance democratic administration at either the summits of state power or at the base of the state. The geography of administration continued to be centralized and military-rigid in its relation to local communities and user groups. All that remained of the initial socialist agenda was redistributive policies to promote equality of opportunity between the social classes. Even in the best case, that of Sweden, socialism in practice had been reduced to solidarity wage policies *within* the working class by the 1970s.

The economic crisis of the early 1970s brought an end to the period of progressive reform by the 1980s. It also shifted the balance of political forces to the Right, which has since engaged in the dismantling of the postwar reforms of social democracy in terms of both welfare entitlements and bureaucratic administration. Indeed, unwilling to engage in a sustained rethinking of state policy and administration, the social democratic movement has been helpless in opposing marketization. The narrowness of its economic strategy, focused on re-skilling workers for high value-added production and export-led growth, is mirrored in the "total quality management" strategy being applied to state administration. Under the gloss of consultation and a new "social contract," lies the reality of competitive austerity and the competitive state. The other option to the public sector impasse, to displace the market by democratic economic planning of the production of goods and services, and to replace bureaucratic administration by a user and community controlled public sector, is permanently foreclosed as out-of-step with the "new times."

Where, then, do we begin to re-formulate an alternative to the public sector impasse? The socialist case has always been based upon the incompatibility between the institutions of capitalism and social equality and popular rule. The capitalist market circumscribes these values: the division of society into owners of property and labourers produces extreme social inequalities; and the structure of power resulting from capitalist social relations profoundly limits popular participation in governance. Socialist organizational forms, therefore, have always had, and still must have, two central conceptions — collective ownership and popular democracy. The two are inextricably linked for it is impossible to extend, in our terms, the administrative means for popular participation in decisions affecting our collective lives *without* social equality and collective control of the economic order.

The historical problems and experiences of a democratic transition from capitalist to socialist organizational forms has made this point manifest.[8] The attempt to control the state administration through an external democratic authority is inadequate to both the tasks of keeping existing state institutions

accountable and extending popular control over the market. A necessary tension must be maintained, therefore, between a strong collective centre and the development of local bases of power. The tension also makes the point that our structural capacity to transform the world — the actual exercise of political power — also has two dimensions. There is the political capacity in the conventional sense of electing representatives and deliberating collectively on common goals and the co-ordination of the means to their achievement. Yet there is also the capacity to intervene in, and negotiate over, the institutions that directly affect our daily lives — families, workplaces, communities. The challenge for a democratization project is to work through the institutional links and administrative processes and structures, in both theory and practice, between these organizational forms and capacities. This entails: democratization of the institutions of representation and coordination of the centre; internal democratization of the institutions of the state; and expansion of the institutions and capacities for self-management in workplaces and communities.

The socialist case for a strong centre is unassailable. It focuses on the need for redistribution and planning of economic resources, and for control of the external sectors of trade, finance and foreign policy to maximize the possibilities for democratic collectivities to choose alternate development paths. But the institutions of the centre have been primarily thought of only in terms of control. It is necessary to work through these institutions, more carefully and thoroughly, in terms of democratic representation and delegation of authority, and, particularly, the development of public deliberation and diversity.

Initially, this could be conceived in several ways. In the core representative institutions, there is still the obvious need to eliminate the last vestiges of aristocratic privilege and complete the republican project. This would include as well: sharpening the relationships of sovereignty and accountability between officials, representatives and citizens through control of the vast array of parliamentary privileges; greater use of recall and referendum; stronger committee systems; proportional representation; and the like. The general alienation

of citizens from representative bodies begs for reform, but the agenda is being dominated, virtually uncontested, by the Right. It is also possible to envision the extension of new organizational principles and institutions at the centre: broadening the application of the electoral principle through the institutions of the state; developing representative institutional bodies within the varied sectors of production; and building alternative planning centres which could put forward different development plans and diverse projects for the public sector. In other words, at the centre we need to be firm in the pursuit of accountable delegation of authority and the encouragement of diversity.

The internal administration of the state has historically been less touched by democratic reforms (except for the strengthening of vertical accountability). It is here that socialist organizational ideas and experience are the slightest. The only clear objectives appear to be flattening the organizational hierarchy, breaking public monopolies on information, and decentralizing service delivery so users can have greater access and control in their communities. Other principles seem to follow from these: shifting public sector training from a focus on managerial control to democratic administration; release of detailed operational figures and planning documents for public scrutiny; and making access and diversity as important as control and standardization of goods in the delivery of services. The most pressing need in constructing an alternative to the public sector impasse is the articulation of a model of democratic administration alongside defence of the provision of services.

If these types of reforms at the centre are fundamental, what eventually differentiates and defines a socialist democratization project is the extension of popular power and control at workplaces and in communities. Any real democratization will eventually pivot squarely on collective ownership and the direction of economic activity by conscious decision. But it is incumbent to get past the old styles of state ownership, control and management of the public sector. The issue is not simply the change in property forms, it is the shift in social relations that allows the development of self-management capacities. The same point applies to

the decentralization of state services to communities: the formation of active user groups; strengthening the "grant economy" to encourage new areas of self-managed activities, notably in the cultural and recreational spheres, apart from the state and the market; direct election of boards to supervise and plan local service provision, especially in the health and energy sectors, and in the labour market. It is possible to discern some of these administrative principles of democratic administration emerging out of the efforts of the social and labour movements to respond to the public sector crisis at the community level. It is here that we find socialism, rather than casting a nostalgic gaze backward at the past, is again becoming a movement fully contemporary in its outlook and resources.

Socialist Politics and Democratic Administration Yet, in practical response to the public sector crisis or in transformative terms, it is necessary to recognize that the democratization project has stalled on the question of "who will do it?" The political impasse of the Left has left few willing to look beyond their own blind faith in the revitalization of existing political formations or optimistic declarations about the gathering of the social movements into powerful coalitions. The present balance of forces requires, however, more careful, and ultimately more critical, examination.

The revolutions of 1989 brought a bitter end to the communist parties of the Third International, which had suppressed capitalism in countries where they came to power. In the end their authoritarian structures became indefensible. Their collapse should, however, have brought little solace to western social democrats, who, nevertheless, initially reacted to the overturn with triumphant declarations that they were right all along to pursue the path of parliamentary reform. This complacent reaction has quickly turned on its head.

Since 1989 the "competitive austerity" pushing the social democratic parties toward the neoliberalism of the Right, from Ontario to Sweden, has equally brought an end to the reformist role of the parties tracing their origin to the Second International. Where the social democratic parties came to

power they contributed to the extension of formal aspects of democracy within the capitalist state, although in the process they accepted parliamentarism and the hierarchical state as the end point of democracy and modernization. The social democratic parties also contributed, for a time, to the redistribution of economic growth through wage increase and the expansion of the welfare state; but here, too, they cast aside democratization of the economy as needless in the belief that capitalism could provide both full employment and superior living standards. These parties now are neither capable of advancing political and economic reforms nor of defending existing reforms from further erosion. The Ontario New Democratic Party provides only the most recent example (if the most dramatic in terms of the rapidity with which it reneged on its own history and policies) of this failure. Can anyone still suffer from illusions that "social democratic parties as we know them" offer a prospect for democratic socialist advance or that they even have the intellectual and cultural resources to begin such a process?

Many have already come to this realization and placed their hopes on the democratizing efforts of the social movements and coalitions that have been gathered to fight specific reform campaigns since the early 1980s. The coalitional efforts have been, without doubt, a useful process that has helped knit together a broad range of activists and perspectives. The movements also have been vital in pushing forward campaigns for democratization in many sectors: reconversion projects for the arms industry forwarded by the peace movement; community-run health centres by the women's movement; wider participation in regulatory hearings by ecological groups; and demands for sectoral economic planning by the labour movement. The movements have been carrying forward, at least implicitly, an alternative conception of democracy. But just as it is necessary to shed the last of the social democratic illusions, we need to confront the evident weaknesses of the social coalition process. After more than a decade of such efforts in Canada, the drift to the right of political culture and public policy shows no sign of reversing. The coalitions have failed miserably in blocking the neoliberal shift of the NDP: the wayward parliamentary caucuses and party

bureaucracy have simply responded by asking where else progressive voters can turn? There are also, it must be stated, few bases to speak of on which the coalitions might build an alternative agenda or collective identity together. Indeed, social polarization and political fragmentation are more evident on the Left now than ever.

The difficulties of the political situation should not, however, persuade us against seeing that the decay of the old order offers a new opening. The communist and social democratic movements have long been more obstacles than routes forward. It is now possible to again envision the kind of socialist collective project that could encompass worker, ecological and feminist demands. The tasks of the next few years will be to intellectually piece this project together and begin to re-form the political agencies necessary to advance it. It is no longer feasible to simply build the movements and expect the other parties to legislate reform and the state to implement it. The cutting short of politics precisely at the level of the state, and reform at the level of administration, has failed the popular movements in the past and will continue to do so. Leo Panitch has forcefully put this issue, which is pivotal to the democratization project, in proper perspective:

> ...the question is not party versus movement, but what kind of party, in what relationship to the state, on the one hand, and to party members and supporters, on the other, can sustain an organized thrust for education, organization and participation over the broadest possible range of popular struggles for social justice; so that the intellectual and organizational capacities that are nurtured thereby yield the popular resources and support which are, in the end, the essential condition for revolutionary change—even when elections are won.[9]

If there is to be an actual future for the socialist movement and a progressive route out of the public sector impasse, this new collective project will have to have democratic administration, in both its own organizational structures and strategic interventions, at its centre. This is, as Luxemburg put it, our task of "building up," our "thousand problems."

Notes

1. R. Luxemburg, *Rosa Luxemburg Speaks* (New York: Pathfinder Press, 1970), pp. 390-1.
2. R. Williams, *The Politics of Modernism* (London: Verso, 1989), pp. 104-5.
3. J.K. Galbraith, *A Life in Our Times* (New York: Houghton Mifflin, 1981), p. 350.
4. K. Marx, *The Civil War in France* (Moscow: Progress, 1972), p. 58.
5. V.I. Lenin, "The Immediate Tasks of the Soviet Government" in R. Tucker (ed.) *The Lenin Anthology* (New York: Norton, 1975), p 441.
6. *Ibid.*, p. 444.
7. League for Social Reconstruction, *Social Planning for Canada* (Toronto: University of Toronto Press, 1975), p. 269. Originally published in 1935.
8. See on these points: G. Albo, D. Langille and L. Panitch (eds.), *A Different Kind of State? Popular Power and Democratic Administration* (Toronto: Oxford University Press, 1993).
9. L. Panitch, "Capitalism, Socialism and Revolution" in R. Miliband, L. Panitch and J. Saville (eds.), *The Socialist Register 1989* (London: Merlin, 1989), pp. 12-13.