Max Weber, John Stuart Mill and New Public Management in New Zealand: Reconsidering the Political-Bureaucratic Nexus

By

Jean-Christopher Somers
School of Government
Victoria University of Wellington, New Zealand

and

Robert Gregory
School of Government
Victoria University of Wellington, New Zealand

Abstract

Max Weber (1864-1920) understood the propensity of modern bureaucracy to dominate the processes and institutions of liberal democracy, and was largely pessimistic about the effects of the process of ‘rationalization’ on human freedom. John Stuart Mill (1806-1873) similarly understood the interdependency between democracy and bureaucracy, and the fact that a modern professional bureaucracy was an essential component of any effective system of representative government. Drawing on the arguments of both Weber and Mill, this paper discusses the general relationship between liberal democracy and New Public Management (NPM) approaches to state sector reform in New Zealand’s Westminster parliamentary system in the latter stages of the 20th century. It argues that because NPM was driven by a neo-liberal ideology of governmental administration it has to be assessed in terms of its own administrative rationality, its impact on parliamentary democracy, and how it bears upon the relationship between the two. Weber’s understanding of the paradoxical nature of bureaucracy and Mill’s view of and commitment to deliberative and educative parliamentary politics help to provide a wider conceptual framework within which to make such an assessment, both empirically and normatively.
Introduction

The tension between bureaucracy and democracy has been at the heart of the ‘New Public Management’ (NPM) reforms in Westminster parliamentary systems during the past twenty years or so. These reforms have important political implications for liberal democracy, and they can be assessed fully only in light of their impact on liberal democratic processes and institutions during this time. To this end, this paper examines the theories of Max Weber and J S Mill on bureaucracy and its relationship with representative democracy, with particular reference to New Zealand’s public sector reforms.

The paper is in two parts. The first discusses some key ideas and propositions set forth by Weber and by Mill, and key elements of Westminster constitutional arrangements, as theoretical background against which the impact of NPM on a Westminster parliamentary system may be assessed. The second part makes such a connection by reference to the application of NPM approaches to the New Zealand state sector.

I: Max Weber (1864-1920)

Weber’s account of bureaucracy is striking for its continuing relevance today, despite, or perhaps because of, espoused aims during the period of NPM reform to ‘banish’ bureaucracies or invent ‘post-bureaucratic’ organisations (Hopfl, 2006; Gregory, 2007; McSweeney, 2006; Olsen, 2006). His concept of modern bureaucracy can be understood essentially by reference to his idea of ‘legal-rational’ authority. As distinct from Weber’s other two forms of authority – traditional and charismatic – the legitimacy of legal-rational authority flows from its foundation in formal, impersonally-mandated and objectively applied rules and regulations. This has become known as ‘the rule of law’, as distinct from the ‘rule of persons’. Thus conceived, bureaucracy is intimately connected with modernity, as its superiority as an organisational form derives from its precise and speedy application of calculable, technical knowledge in the administration of human affairs (Weber, 1978: 214). What bureaucracy offers is not efficiency as such (Albrow, 1970), but the reduction of uncertainty through the rational application of rules (Gajduschek, 2003). In promoting and ensuring calculability, predictability and control, it makes efficiency possible.

Weber’s diagnosis of bureaucracy is founded on the distinction between instrumental and substantive rationality (zweckrationalität and wertrationalität, respectively), which represents the dualities between means and ends, facts and values, administration and politics, certainty and plurality (and in the terminology of NPM, ‘outputs’ and ‘outcomes’). The tension between these two is a key feature of the relationship between bureaucracy and democracy.

This tension is manifest in the classical tendency of all large bureaucracies towards ‘goal displacement’, whereby organisational means become ends in themselves (Blau, 1955; Bohte and Meier, 2000; Merton, 1968). The instrumental selection of means is inclined to displace the political legitimation of these choices, thus attenuating philosophical, political and ultimately moral debate.
Worse still, if one takes the ability to reflect on, discuss, and exercise such value choices to be an intrinsic requirement of being human, then bureaucracy is and must be dehumanising. As Weber observed:

[Bureaucracy] develops the more perfectly, the more it is ‘dehumanised’, the more it succeeds in eliminating from official business love, hatred and all purely personal, irrational, and emotional elements which escape calculation. This is the specific nature of bureaucracy which it is appraised as its special virtue (Weber, in Gerth and Mills 1974: 216).

The dehumanising effect of bureaucracy is reflected in its tendency to treat relationships between human beings as if they were things in themselves. It reduces them to impersonal ‘cases’ to be administered ‘without regard to persons’, by bureaucratic ‘cogs in a machine’ without their own moral agency.

Weber was keenly aware that the nature of bureaucracy, as he conceived it, makes it inimical to liberal democracy. He stressed that “‘democracy’ as such is opposed to the ‘rule’ of bureaucracy, in spite and perhaps because of its unavoidable yet unintended promotion of bureaucratization” (Weber, in Gerth and Mills 1974: 231). He was pessimistic about the prospects for democracy, seeing ‘the political master’ as little more than the ‘dilettante’ standing opposite the ‘expert’, ‘facing the trained official who stands within the management of administration’ (Weber, in Gerth and Mills 1974: 232). A powerful weapon in the bureaucrats’ hands is the ‘official secret’, which is ‘the specific invention of bureaucracy, and nothing is so fanatically defended by the bureaucracy as this attitude’ (Weber, in Gerth and Mills 1974: 233). Secrecy staves off deliberation, and thus politics itself, which becomes ‘a strong and slow boring of hard boards’ (Weber, in Gerth and Mills 1974: 128). Bureaucracy is the quintessential form of organisation in a modern, rationalized world, and rationalization itself is, according to Weber, ‘the master trend of history’. This process carries within it the ubiquitous tendency for instrumental rationality to dominate if not supplant substantive rationality—for means to become ends in themselves, for the quest for more precise calculability to dominate human capacity for enlightened judgement and deliberation (Levine 1981). The result for Weber is a ‘shell as hard as steel’ (ein stahlhartes gehäuse). As Baehr (2001) points out, this metaphor reflects the conditions of human beings living in disenchanted modern times, who are not merely constrained in their otherwise intact power by an external cage, but disempowered. This for Weber is the ultimate ‘irrationality of rationality’ that is implicit in enlightenment reason.

John Stuart Mill (1806-1873)

Mill wrote about bureaucracy some fifty years earlier than Weber. In contrast to Weber, Mill is remembered today more for his contribution to political philosophy than for his theory of bureaucracy. However, bureaucracy had a central place in Mill’s liberalism, as well as in his personal life, and his account of it provides a valuable complement to Weber, especially in terms of making explicit the implications of bureaucracy for liberalism.
Mill’s liberalism

The importance of freedom is central to Mill’s liberalism. It underpinned his rejection of Benthamite utilitarianism, which threatened to render everything instrumental to the cold-hearted rationality of ‘felicitous calculus’. Despite his attempt to frame liberalism in utilitarian terms, Mill saw freedom as an intrinsic part of the qualitatively ‘higher pleasure’ which could not be calculated away, because it distinguished dissatisfied human beings from satisfied pigs (CW X: 212).³

Mill is often taken to be a champion of ‘negative liberty’ because of his much cited harm principle. But as Bruce Baum (2007: 103) points out, Mill did not distinguish negative and positive liberties in the way Isaiah Berlin suggested: it was always the ‘freedom of some agent (or agents) from certain obstacles or constraints, to do or be or become something’. Mill’s concern was not to offer a prescriptive shopping list of liberties, positive or negative, based on some presumed truth about human nature. On the contrary, the meaning of freedom is implicitly a critique of such presumed truth. It is grounded in the conception of human persons as ‘progressive beings’, who are capable of constant critical reflections on their chosen or presumed ends (CW XVIII: 224, 264-265). Liberty to ‘pursue our own good in our own ways’ is contingent upon the freedom to decide whether such ways are really one’s own. This in turns implies a positive endorsement of value plurality and what Mill called ‘experiments of living’ to sustain such developments (CW XVIII: 223, 261). For Mill, freedom was not just acting out human nature, but rather the possibility of remaking the individual self.

Mill’s developmental view of individual freedom highlights the importance of a life-long ‘education for freedom’, which encompasses not only traditional schooling, but also democratic participation in workplace and political institutions (Baum, 2003; Zivi, 2006).² This was radically different from the assumption of an abstract rational individual, whose freedom is static and needs no enhancing. It follows that a commitment to equality is a necessary condition for the continuous cultivation of freedom for all. Much has been said about Mill’s attitude towards equalities of opportunities and outcomes, and his supposed support for minimal intervention (Kurer, 1998: 338). But for Mill opportunities and outcomes were not mutually exclusive in this process of cultivation: inequalities of outcomes could limit the scope for further development of freedom. Neither did they exhaust the scope of equal freedom. In fact, Mill saw the inequalities of power relations – in families, economic institutions and society – as an intolerable impedient to individuals’ ability to

¹ All references to the writing of J S Mill are to The Collected Works of John Stuart Mill (33 Volumes) J M Robson, General Editor, Toronto: Toronto University Press 1963-1991. They are written as follows (CW X: 212) for Collected Works, Volume X, page 212. A list of specific works cited is in the Appendix.

² Education for Mill was and must always be an ‘opener’ rather than an end, and an essential condition of freedom itself, rather than mere goods and services. It was for this reason Mill argued strongly for state enforcement of universal education, even if it overrode parents’ ‘freedom of choice’ (CW XVIII: 301-302). It applied to both the disadvantaged and the privileged. As he said in a parliamentary speech on universities: ‘if to have been at the University be the end of education there is no doubt but that by going to the University that end may be most effectually attained’ (CW XXVII: 355).
participate in ‘education in its largest sense’, and so enhance their capacity for freedom.

Mill saw an important role of the state and bureaucracy in this process. He was aware of the risks of coercive power: the state could ‘seldom, without doing more harm than good, attempt to chain up the free agency’, but it did not follow that the state ‘cannot exercise a free agency of its own’ (CW X: 156). On the contrary, greater freedom might be gained through collective efforts, including state intervention, in ways which individuals themselves would ‘never think of, would have no sufficient motive to attempt or sufficient power to accomplish’ (Reeves, 2007: 287).

Mill’s liberalism also rested on a dialectical relationship between individuals and societies. Mill would reject the crude methodological individualism as expressed in Margaret Thatcher’s dictum that, ‘there is no such thing as society but individuals and their families’. He acknowledged the constitutive and beneficial role of society and communities in the development of the individual (Morales, 1996; Ryan, 1998). As Ryan (1998:530) puts it, Mill’s aim was to ‘create a society of liberals, not a collection of liberal monads’. What Mill rejected was not society as such, but rather the view that society (or communities for that matter) had a separate existence from human beings, regulated by some objective laws. Such ‘laws’, Mill argued, ‘are and can be nothing but the laws of the actions and passions of human beings united together in the social state’ (CW VIII: 879). Mill was not at all inclined to reify society. He recognised that ‘though our character is formed by circumstances, our own desires can do much to shape those circumstances’. This conviction that human beings have power to change society is, Mill believed, ‘inspiriting and ennobling’ (CW I: 177).

This dialectic underpins Mill’s warning against ‘social tyranny’. His target here was not the power of the state but, as Reeves (2007: 294) puts it, ‘what citizens, acting en masse, might do to each other’ through the tyranny of ‘prevailing opinion and feelings’. The latter, although superficially non-coercive, is ‘all the more formidable than any kind of political oppression’, not the least because it often seductively appeals to ‘nature’. ‘Conformity to nature’, Mill wrote, ‘has no connection whatever with right or wrong’, but has the potential to disguise persistent inequalities (CW X: 400). ‘Was there ever any domination which did not appear natural to those who possessed it?’ he asked (CW XXI: 269). Not for Mill the argument by some modern day economists that there is a ‘natural rate of unemployment’, for example.

This refusal to take existing social inequalities and oppressive social institutions as if they constituted the natural order of things set Mill apart from his Victorian contemporaries. His passionate campaign for female suffrage reflected this. So too did his critique of the capitalist system of property rights. Mill argued, ‘the idea of property is not some one thing, identical throughout history and incapable of alternation, but is variable like all other creations of the human mind’ (CW V: 753). It was wrong, as Mill reflected in his autobiography, to assume ‘private property and inheritance as indefeasible facts, and the freedom of production and exchange as the “dernier mot” of social improvement’ (CW I: 175; also Medearis 2005). Such assumptions served only to disguise inequalities in capitalism, which made ‘the many who do the work being mere servants under the command of the one who supplies the fund’ (CW III: 769). ‘By the force of property’, they were ‘chained to a place, to an
occupation, and to conformity with the will of an employer’ (CW V: 710). There are strong shades here of Weber’s later image of ‘ein stahlhartes gehäuse’. For Mill, the existing institution of property rights, just like any other social institution, was ‘merely provisional’, and therefore had to be subjected to the liberal proviso of equal freedom for the human beings who compose them. The same was true for the distribution of wealth, which was inherently a social act. He would balk at the modern libertarian idea that ‘liberty is property’ (Narveson 1987), and would be alarmed by Putnam (1993; 2000)’s popular conflation of ‘organic’ communities with the capitalist social order. Mill’s liberalism began and ended with human beings, not with reified notions of properties and communities.

**Politics as the deliberative pursuit of truth**

Mill has been labelled a ‘comprehensive liberal’, by no less than John Rawls, rather than a political liberal. But while Mill made passionate claims of what a good life might be, such claims were subject to his conviction of human fallibility, which was a necessary corollary with his developmental view of the human person³. Mill considered that all claims to truth must be ‘fully, frequently and fearlessly discussed’, lest ‘a living truth’ should become a ‘dead dogma’ (CW XVIII: 243). Truth for Mill was ‘developmental’ like human freedom, so that possibilities must always be kept open for ‘better’ truths.

This implied two things. Negatively, Mill was sceptical of any definitive truth claims, and by extension any authority based on such claims. Positively, there were many ‘truths’ about the ends of life, and the fallibility of any of them does not exclude their legitimacy. Mill accepted the ‘diversity of ends’ as a ‘legitimate and proper part of the richness of life, not an unfortunate sign of disunity and disharmony’ (Ryan 1974: 130).

It did not follow, however, that individuals had to be left to their own devices. The pursuit of truth(s) had to be a social and deliberative process, so that individuals might benefit from one another’s experiments of living, and thus enhance their own freedom. And society as a whole could reconcile these disagreements and conflicts. This provided a positive foundation for Mill’s version of political liberalism.

Politics, for Mill, was an art, ‘characterised by the proposing of ends, whose rules or precepts were necessarily provisional and imperfect’ (Halliday 1998: 38). The problem for Mill was how to keep this politics alive, without resorting to any authoritative assertion of truth, or outright violence and coercion. He offered no simple solution to this. There is no question that Mill had a strong commitment to liberal democracy in a broadly inclusive sense, where people were given a voice and a

³ Mill’s conception of the human person as a ‘progressive’ being has been interpreted as an attempt to impose a Euro-centric and individualistic version of the good life on those who are deemed less ‘progressive’ (Villa 2008). Mill’s attitude towards ‘backward’ people or states is a product of the Victorian Age. But these do not necessarily justify discrimination or colonialism, because even the seemingly ‘progressive’ ideas are nonetheless just as fallible. As he puts it, ‘every age having held many opinions which subsequent ages deemed not only false but absurd’. This is not only a criticism of the past but also a reflection on the present and future. Progress denotes not a linear destiny but an enlarged scope of possibilities, including possible mistakes.
share of power in the regulation of their collective life. This commitment is clearly reflected in his passionate campaigns for the extension of suffrage to women and the working class.

However, his grave concern was that democratic politics, left to its own, might degenerate into a majoritarian dictatorship, where the majority simply forced their preformed prejudices onto others. For this reason Mill argued for controversial measures, such as plural voting for the elite, as a counterbalance to such conformity. This has led some scholars to question his democratic credentials (Skorupski, 2006; Riley, 2007). But plural voting, like Mill’s other ‘elitist’ instruments, was just a means to an end of preserving pluralism in democracy, which ‘professes equality as its very root and foundation’ (CW XIX: 449). It was not an end in itself. Mill made it clear that the means were ‘conditional and temporarily expedient’ and should not be used to entrench the class privilege of the educated (Baum, 2000: 242; Urbinati, 2002). In other words, Mill’s intention was for the competent elites to have a fair chance of participating in the democratic forum, rather than to dominate it. The people themselves had to be led with their eyes open. Deference to an elite, for Mill, was not blind acceptance of the truth, but ‘intelligent deference of those who know much to those who know still more’ (CW X: 314).

**Mill’s educative democracy**

Mill did not see liberal democracy simply as a decision-making process. It also served a crucial educative function, which helped to realise equal freedom for all over time (Baum, 2003; Donner, 2007; Zakaras, 2007). Mill considered participation in the democratic process as a ‘school of public spirit’, in which citizens were called upon to ‘weigh interests not his own; to be guided, in case of conflicting claims, by another rule than his private partialities; to apply, at every turn, principles and maxims which have for their reason of existence the common good’ (CW XIX: 412). By contrast, a preoccupation with the pursuit of self-interest which pitted all against all – ‘privatism’ in Tocqueville’s words – rendered people powerless against the tyranny of the stronger, as if ‘a flock of sheep innocently nibbling the grass side by side’ (ibid.). Participation in public affairs was also important for private self-development, because it provided opportunities to escape the routinised dictates of ‘self-interest in the most elementary form’, as in the commercialised society that Mill despised (CW XIX: 411). As Mill puts it:

> To take an active interest in politics is, in modern times, the first thing which elevates the mind to large interests and contemplations; the first step out of the narrow bounds of individual and family selfishness, the first opening in the contracted round of daily occupations (CW XIX: 322).

In contrast with a timid conception of liberal politics as just a *modus vivendi*, Mill’s conception of democratic politics was essential to his developmental view of human beings. Politics enlarged one’s freedom, and democratic participation by all achieved equality for all.
**Mill on bureaucracy**

Mill’s liberalism and his developmental view of individual freedom provided the political basis for his theory of bureaucracy. Good government, for Mill, had to cultivate and give effect to freedom. Firstly, it had to ‘increase the sum of good qualities in the governed, collectively and individually’, and secondly ‘take advantage of the amount of good qualities which may at any time exist, and make them instrumental to the right purposes’ (CW XIX: 390-392). To achieve this, participation had to be balanced with competence; democracy with bureaucracy (Warner 2001).

Mill defined bureaucracy as government by professionals, or ‘governors by profession’ (CW XIX: 438). For Mill, whether professionals come from outside or inside the government made ‘no difference to the essential character of the rule’. What mattered was their specific training and devotion to the profession that constituted their claims to power. Mill’s ‘ideal type’ here was not the typical Victorian bureaucracy of servants and clerks, any more than it fore-shadowed the essential bureaucratic elements identified later by Weber. The East India Company, for which he worked for decades, and which trained administrators, was an exception, but Mill looked to the oriental bureaucracies of Russia and China, which dominated their societies. Mill’s conception of bureaucracy was thus, in modern terms, a technocracy where ‘technically trained experts rule by virtue of their specialized knowledge and position in dominant political and economic institutions’ (Fischer 1990: 17). Technocracy though is not a thing-in-itself, and is not even an organisational form, like bureaucracy, but rather is a power relationship between professional governors and the governed, and is sustained over time only to the extent that both parties are committed to re-producing it.

As did Weber, Mill recognised that a technically competent bureaucracy is essential to good government in a modern society. He insisted that certain things must be done by bureaucracy, to take ‘advantage of the conduct of the affairs by skilled persons, bred to it as an intellectual profession’, for ‘freedom cannot produce its best effects, and often breaks down altogether, unless means can be found of combining it with trained and skilled administration’ (CW XIX: 440).

There are also substantive benefits. The bureaucrats are part of the governing elites whose responsibility is to provide wise counsel to the governed (Warner 2001). This is partly an assurance against mass mediocrity, and partly an educative function of government, whereby in scrutinising the acts of the wise governors, citizens themselves become wiser. Meritocracy, if coupled with an equalitarian education system, also offers a better pathway towards equality than does patronage, which overwhelmingly benefits the already privileged (CW XVIII: 208-209, XIV: 175). Such a bureaucracy would have positive effects, as Mill said enthusiastically of the Northcote-Trevelyan report of 1854, ‘in raising the character both of public administration and of the people’ (CW XVIII: 207, XIV: 141).

At the same time, Mill—like Weber—saw that bureaucracy posed serious challenges to liberal democracy (Urbinati, 2002: 54-56). His fear was not about ‘big governments’ as such, however, but about the dehumanising effects of the
bureaucratic mindset, for it inevitably decayed into a ‘pedantocracy’ and perished by
the ‘immutability of [their] maxims’ which made it efficient (CW XIX: 439). This
is anathema to the pursuit of freedom, which requires critical reflection on ends.
Worse still, as an ‘educative’ institution, a ‘pedantocracy’ might dumb down the
intelligence of the people. As Mill put it, ‘the more perfect that organization is in
itself, the more successful in drawing to itself and educating for itself the persons of
greatest capacity from all ranks of the community, the more complete is the bondage
of all, the members of the bureaucracy included’ (CW XVIII: 308). Such a
bureaucracy also tends to become a thing-in-itself, which ‘having no longer a mind
acting within it, goes on revolving mechanically though the work it is intended to do
remains undone’ (CW XIX: 439). Yet political machinery, Mill made clear, ‘does not
act of itself’: ‘as it is first made, so it has to be worked, by men, and even by ordinary
men’ (CW XIX: 376). The risk is that the reified machinery might supplant the proper
relationship between the bureaucratic elites as governors and the governed, in a liberal
polity. Thus he was careful to stress that such distinctions between elites and non-
elites represented a merely functional division of labour. There was nothing in the
conduct of public affairs which had “esoteric mysteries, only to be understood by the
initiated” and its principles were intelligible to any person of good sense’ (CW XIX:
425).

For Mill, the displacement of democratic politics by the work of bureaucratic experts
would be a recipe for despotism of the worst kind, ‘by arming with intellectual
superiority as an additional weapon those who have already the legal power’ (CW III:
943). Such a bureaucracy would be able to impose its own version of truth on the
public, who were ‘ill-qualified, for want of practical experience’ (CW XVIII: 307).
This would threaten the very viability of democratic politics, and would alienate
the citizens from the government, whom they would hold ‘responsible for all evil which
befalls them.’ Mill foresaw the ultimate irrationality of this relentless pursuit of
rational control, in a way that fore-shadowed Weber: ‘the perfection of machinery to
which it has sacrificed everything, will in the end avail it nothing, for want of the vital
power which, in order that the machine might work more smoothly, it has preferred to
banish’ (CW XVIII: 310).

Mill did not advocate ‘limited government’. On the contrary, he believed that the
French and the Americans were freer people not because their governments were
‘limited’ but because citizens were still able ‘to seize and pull the rein of the central
administration’ (CW XVIII: 308). It was their active participation in politics that
made them free from bureaucratic domination. The solution for Mill lay not in
‘controlling’ bureaucracy, but in strengthening popular participation through
representative democracy. For Mill, this implied that final decision-making power
ought to belong to the people, who would be ‘masters, whenever they please, of all
the operations of government’ (CW XIX 422). It was necessary, therefore, to ‘secure
to the representative body the control of everything in the last resort (CW XIX: 423).

\[4\] Like Weber, Mill was deeply concerned about the dehumanising effects of private
bureaucracies on the workers. In this sense, bureaucratisation is not limited to government
intervention, but forms part of the ‘social tyranny’ which is Mill’s real target in *On Liberty*. 
But the practical function of democracy was, for Mill, quite another matter. He distinguished ‘talking’ from ‘doing’, in regard to the representative body. To those who were dismissive of ‘mere’ talk, Mill responded:

A place where every interest and shade of opinion in the country can have its cause even passionately pleaded, in the face of the government and of all other interests and opinions, can compel them to listen, and either comply, or state clearly why they do not, is in itself, if it answered no other purpose, one of the most important political institutions that can exist anywhere, and one of the foremost benefits of free government. Such ‘talking’ would never be looked upon with disparagement if it were not allowed to stop ‘doing’ (CW XIX: 433).

This for Mill was the proper function of liberal democracy, which was not about administering things, but making value judgements and compromises through deliberation. This preserved the essential political character of a deliberative democracy, as distinct from an administrative bureaucracy. The paradox was that attempts to control bureaucracy by the implementation of more sophisticated and rational processes would only make it more bureaucratic, and more of a threat to democracy itself.

The political constitutionalism of Westminster

Implicit in Mill’s theory of bureaucracy and democracy is a constitutional order, which resonates strongly with the modern conceptions of a political constitution that has politics, rather than the law, as the final source of authority in society (Bellamy 2007; Griffith 1979, 2000; Tomkins 2002, 2005). This political constitution is well represented by the Westminster system, at the heart of which lies the doctrine of parliamentary sovereignty.

The conventional charge against parliamentary sovereignty is that certain ‘fundamental’ values, such as human rights or economic efficiency, ought to be insulated from parliamentary resolution (Tomkins 2005:11). Yet it is precisely this perceived ‘weakness’ that strengthens parliament’s claim to political sovereignty, over the alternative of legal constitutionalism. For the latter poses the problem that the reification of ‘the law’ ignores inevitable disagreements over fundamental values, and the political resolution of such conflicts. The reason why parliament must be politically sovereign is not because it is the most effective or efficient way to realise certain fundamental values, but rather it ‘best gives effects to the principle of popular sovereignty, whereby people in a self-governing community are empowered’ (Ewing quoted in Bradley 2004: 57). Parliamentary sovereignty cannot provide any final settlement of these political conflicts. Quite the opposite, it makes clear that such resolutions are always temporary and open to future political challenge. Only through this process is it possible to confirm that ‘fundamental’ values really matter fundamentally to the people, and not just to those who are already powerful. To quote Griffith (2000:165), ‘if we are to create a more just and a more free society, we must do it the hard way – without Moses’.

Parliament exercises its sovereignty through its traditional functions of legislative and financial controls, but most importantly it does so by scrutiny, which highlights
‘talking’. Scrutiny focuses on ‘influence not direct power; advice not command; intrusion, not obstruction; scrutiny, not initiation; and publicity not secrecy’ (Crick 1964: 80-81; Tomkins 2003a, 2003b). This may not seem much but it is the only way that parliament can ‘control’ the executive while remaining true to its role as a representative and deliberative forum that makes it sovereign in the first place. And information is the key to its effectiveness, for, as Weber (in Gerth and Mills 1974: 233-234) observed:

In facing a parliament, the bureaucracy, out of a sure power instinct, fights every attempt of the parliament to gain knowledge by means of its own experts or from interest groups...Bureaucracy naturally welcomes a poorly informed and hence a powerless parliament—at least in so far as ignorance somehow agrees with the bureaucracy’s interests.

‘Transparency’ is a necessary, but insufficient, condition for deliberation of this kind. Verifying the facts or auditing the accounts, which are better done by trained lawyers and accountants, should not be confused with effective scrutiny. Rather, the unique role of parliament is to force the political executive and the bureaucracy to justify their actions in political terms. What matters here is not so much the correctness of answers as the openness of dialogue. It is for this reason that parliament must have ‘unfettered’ access to information, which is not limited by the availability or the presumed utility of such information.

The doctrine of ministerial responsibility is a necessary complement of parliamentary sovereignty. As Smith (2005:104) puts it, ‘ministerial responsibility is the hinge of the constitution’ with ministers, collectively and individually as ‘the conduit between the people’s representatives and the Crown in whose name government is conducted’. Ministerial responsibility has always had its critics (Marshall 1986; Palmer and Palmer, 2004; Rhodes 2005). Yet despite numerous obituaries, recent events in Britain appear to show that ministerial responsibility is much more resilient than it has been given credit for (Polidano 2000; Woodhouse 2004). So it is quite possible, as Savoie (2003: 257) suggests, that ‘many commentators who are calling for the doctrine to be jettisoned may not fully understand its application’. This is partly because the doctrine is often ‘confused with, and by, managerial accountability’ (Woodhouse 2002:3). Such misunderstandings obscure the political logic of the doctrine, which emphasizes the political roles of ministers and bureaucrats, rather than their functions. As Woodhouse (2002: 77) points out, ‘ministers are constitutionally responsible for their department not because of their detailed involvement in departmental affairs, but because of the positions of public trust they held’. It is a condition of such trust that ministers should ensure that the power of the state, which keeps the ‘machinery’ running, is exercised in accordance with the wishes of the people, so that political responsibility for bureaucratic power is not lost. This is part of the bargain that ministers must accept when they assume their positions. And such roles also include taking personal responsibility for collective bureaucratic acts. This logic was well understood by Mill who argued:

Responsibility is null, when nobody knows who is responsible. Nor, even when real, can it be divided without being weakened. To maintain it at its highest, there must be one person who receives the whole praise of what is well done, the whole blame of what is ill (CW XIX: 520).
This conception of ministerial responsibility confirms that it is essentially a political process, which ‘begins and ends in political judgement’ (Uhr 2005: 6). This process puts a premium on the notion of answerability, which enables parliament to penetrate behind the veil of bureaucratic secrecy, through the interrogation of ministers. It formally obliges ministers to provide justifications for their actions and inactions when things go wrong, and to take amendatory measures. Through this deliberative process politicians and bureaucrats alike are exposed to public scrutiny and political judgement. And unsatisfactory responses to public demands entail political costs of credibility and popularity. In this sense it provides for both political accountability and responsibility, for in deliberative politics political speech constitutes political action.

The danger with abandoning this process for legal and managerial alternatives is that it may restrict the scope of political responsibility by binding it to a causal notion of responsibility. Since the burden of proof is higher in such cases, it makes it difficult for the public to hold ministers responsible for many, often lesser, offences. This is why attempts to codify ministerial responsibility in Australia and Britain ‘may have done more to sabotage the convention than to preserve it’ (Raffin 2008). The beauty of the convention lies precisely in its ability to exact political responsibility, whether or not such causal proof exists, as a number of British cases of ministerial resignation show (Woodhouse 2004). As Uhr (2005) argues, ministerial responsibility can take on ‘as rich or sparse a meaning as parliamentary antagonists want them to mean’. This is as it should be.

Another building block of the Westminster system is a non-partisan and expert civil service (Rhodes and Weller 2005), which operates according to the convention of political neutrality. The idea of ‘neutrality’ in politics and government can be troubling. As Chapman has observed (1963: 275):

> Neutrality in public office tends in the end to moral corruption. If all governments are to be served with equal impartiality and loyalty there are no grounds at all for criticizing the German official who served Hitler to the best of his ability. In any profession other than government such people would be regarded as dangerous cynics or weaklings.

Yet, paradoxically, this is why the convention of ‘political neutrality’ within the context of democratic politics is so important. In this context, ‘neutrality’ is not a rejection of politics and morality, but is a positive confirmation of the political and moral legitimacy of democratic institutions. In a Westminster system, public servants are not, and cannot be, neutral as between the government and the opposition (Mulgan 2006: 4, Weller 2003: 83). Rather, they are required to be ‘political chameleons and there are strict rules to prevent them becoming political animals: the logic of the convention is that a political chameleon can never be a political animal’ (Shepherd 1987: 69). In a sense, the point of neutrality is precisely that it puts politicians in charge, who have no other claims to power than their democratic legitimacy. And through this, it removes any political independence that the bureaucracy might otherwise have to decide whom it might serve.
The idea of neutrality implies a ‘Shafferian bargain’ where civil servants give up some political rights in exchange for permanence in office, while elected politicians gave up their right to hire and fire civil servants at will in exchange for loyalty and competence (Hood and Lodge 2006). For this bargain to work there must exist a high level of trust between bureaucrats and politicians. Secondly, the convention requires officials to respect the authority of politicians when disagreements arise, and not to abuse the terms of trust in such circumstances. But loyalty does not mean blind obedience and passive deference. As Weller (2003:87) argues, ‘assisting the minister in his [sic] objectives by the best possible means occasionally requires challenging the objectives and the approach’. Arguably, ministers are best served by ‘positive scepticism’ of officials, guided by a ‘no surprises’ principle, than a false sense of security. In these ways bureaucratic expertise can complement and reinforce responsible political authority, rather than usurping or undermining it.

II: The New Zealand model of NPM

New Zealand’s state sector reforms of the 980s and 1990s were widely regarded as an exemplary application of NPM (Pollitt and Bouckaert 2004). The reforms were driven by neo-classical economic theories and, despite their largely apolitical rhetoric, were intimately connected to the rise of neo-liberalism in New Zealand. The reforms entailed radical changes to the traditional public service and inevitably altered the relationship between democracy and bureaucracy in New Zealand.

From mandarins to managers

Measures introduced under the State Sector Act 1988 and the Public Finance Act 1989 gave bureaucrats greater freedom over managing financial resources, staff employment, as well as contractual privileges of higher pay and job security, like their private sector counterparts. In return they were required to deliver ‘results’ as contractually specified. This was achieved through a sophisticated system of ex-ante specification and ex-post reporting of departmental performance, through a ‘modernised’ budgeting system based on accrual accounting and generally accepted accounting practice (GAAP). This system provided for the bifurcated roles of ministers and bureaucrats, as purchasers and providers (or producers), respectively, with ministers responsible for choosing desired policy ‘outcomes’ and departmental chief executives responsible for delivering ‘outputs’ (Mulgan, 2008).

NPM assumes that management can be applied universally to all tasks and functions without fundamentally changing their character, just as it could be transplanted from the private to the public sector. It glosses over the challenge that managerialism poses to the very ‘publicness’ of the public sector (Haque 2001; Suleiman 2003). The emphasis on efficiency, and on ‘robust, entrepreneurial, and risk-taking’ behaviours, is not simply driven by managerial virtues. It also reflects a neo-liberal vision of privatised freedom and responsibility. Managerialism is to be understood, therefore,

 Officials in the Westminster world are familiar with the requirements of ‘no surprises’. As the New Zealand Cabinet Manual states: ‘In their relationship with Ministers, officials should be guided by a “no surprises” principle. They should inform Ministers promptly of matters of significance within their portfolio responsibilities, particularly where these matters may be controversial or may become the subject of public debate’ (Cabinet Office 2008: 3.16a).
as a new ‘technique of governmentality’ infused with what Tocqueville called ‘privatism’, which establishes a false dichotomy between private freedom and public values.

Similarly, the image of ‘production organisations’ (Wilson 1989) implicit in managerialism might well displace what matters in the public service with what is measurable. Yet measurement is not merely a bureaucratic imperative. It is also the necessary condition of a social structure marked by the ‘commodification of everything’ (Harvey 2005). NPM transformed officials themselves into ‘human resources’, and citizens into one-dimensional consumers (Pierre 2009). Their relationships became a reified process of production and exchange of mutually-disinterested buyers and sellers ‘at arms length’. This partly explains the centrality of ‘outputs’—that is, goods and services produced—to NPM, for they not only ‘clarify the production functions’ but also ‘facilitate arrangements for internal markets, contracting out and benchmarking’, in other words, the marketing of commodities (Scott 2001). More ‘sophisticated’ methods of measurement – as evident in the proliferation of indicators and intervention logics – only make the matter worse (Gregory 2007).

Finally, managerialism has important implications for power and legitimacy. Many critics have expressed concerns about the power shifts from professionals to ‘generic managers’ (Clarke et al 1994; Easton 1997; 1999). Yet this is indicative of a deeper problem. For unlike ‘welfare professionals’, managerial expertise explicitly eschews reference to any substantive political and social goals that may expose rational ‘problem-solving’ to value conflicts and therefore public scrutiny and political challenges. Much of this knowledge is ‘created primarily for the purpose of managerial control as an end in itself’ (Gregory 2007). This makes managerial knowledge-power more ‘rational’, in a Weberian sense, and its control over non-expert citizens—now to be understood primarily as consumers—stronger. It helps to explain why, paradoxically, the public interest must be guarded against public managers posing as ‘platonic guardians of the public interest’ (Rhodes and Wanna 2007, 2008). Public values cannot be ‘managed’, at least not rationally, if they are to remain truly public.

**Competition and contracts**

According to public choice theories, which partly underpinned the New Zealand reforms, the problem with the traditional public service is that its unified and hierarchical structure and the lack of clear objectives encouraged ‘provider capture’ by self-interested bureaucratic organisations (Boston et al 1996; Treasury 1987). The solution was a series of institutional disaggregations which broke up large departments into small specialised units along functional lines (Boston et al 1996; Boston and Eichbaum 2005; Scott 2001). Such measures were to allow organisations to focus on their individual functions, and ‘trade-offs’ would be made in quasi-markets where organisations competed for budgetary resources and contracted with one another, coordinated presumably by the ‘invisible hand’ of the market. The private vice of self-interested bureaucrats would be transformed into a public good, as supposedly happens in the private sector. Rather than ‘banishing’ bureaucracy as such, there merged a plethora of generally smaller organisations competing for power in an environment of invigorated bureaucratic politics.
The legislative, budgetary, and institutional framework of the New Zealand model of NPM has tended to create bureaucratic silos, making inter-agency coordination and collaboration difficult (Boston et al 1996; Boston and Eichbaum 2005; Christensen and Laegreid 2007). In response to this in the last decade or so there has been a rhetorical shift towards more ‘Joined Up’ or ‘Whole-of-Government’ approaches in New Zealand and elsewhere (Christensen and Laegreid 2007; Gregory 2006). These approaches, however, have eschewed any fundamental changes to the statutory foundations of the system, particularly the outputs/outcomes bifurcation which is a central feature of the Public Finance Act 1989. Instead, ‘joining up’, in pursuit of policy ‘outcomes’, is to be achieved through public and private ‘networks’ characterised, as portrayed in the emergent theory of ‘network governance’, by interdependency, voluntariness, informality, information sharing, and trust (Gregory 2006; Rhodes 2007).

Reformers have replied that while it may be true that the public service has appeared more ‘fragmented’ than before, such fragmentation is nonetheless necessary to achieve ‘coordination through contractual and managerial relationships’ (Scott 2001: 87). The choice is not between fragmentation and coordination, but rather between different institutional designs, which are ultimately about ‘values and their relative importance’ (Boston et al 1996). Such values define the nature and meaning of ‘coordination’ amongst bureaucratic institutions. Indeed, the critical focus on fragmentation and coordination serves to reinforce the pretence of structural reforms as politically neutral and value-free. But just as the traditional public service reflects the ambiguous, conflicting and layered notions of ‘welfare’, the new design reflects the political priority of transparency, competitiveness and efficiency in a neo-liberal polity. Without these fundamental values there will be no basis to distinguish the ‘more’ from the ‘less’ competitive, and no basis for contractual arrangements that require a certain common denominator. Everything else is secondary.

This is why the economic market, which was uppermost in the minds of the reformers, is qualitatively different from Mill’s ‘market of ideas’, which is effectively shorthand for a robust political process (Lukes 2004). In such a process, nothing ought to be beyond scrutiny, including the relative (rather than almost absolute) importance of ‘efficiency’. It is this sort of ‘competition’ that public organisations really need, as their interactions are characterised by value conflicts, which cannot be ‘wished away by bifurcated structural re-engineering’ (Gregory 2001). There must be serious doubt as to whether network governance can address the problems of market-driven structural reforms, given its inability to confront political conflicts, let alone challenging the ideological underpinning of the market (Spicer 2007; Davies 2009).

The reforms have also accentuated the commodification of public services, and this has generated demand for even more precise measurement of outputs as a basis for competition and contracting-out. This in turn has led to concerns about the high transactions costs involved in such exercises, for example, in specifying ‘quasi-contracts’ for health services in New Zealand’s health service reforms (Boston et al 1996; Ashton 1999; Gauld 2001). Much of this is driven by the desire for greater ‘competitive neutrality’ between the public and private sector in the provision of health care as a commodity, rather than, say their abilities to uphold the values of equality and impartiality. In this there is a strong emphasis on price competition. But
rather than providing more choices, price competition entrenches the rational, transparent and readily calculable ‘bottom line’. Everything that ‘cannot be financially represented (economically valorised) is ruled inappropriate or irrelevant’ (Clarke 2004). All this neglects substantive value issues, and abjures the political process through which value choices must be debated. As Mulgan (2008: 10) argues: ‘The contractual obligation for the provision of public services is normally between the government and the provider...In so far as the New Zealand system has depended on formal contractual obligations as a bases for accountability, the public have been excluded from any direct accountability relationships with providers.’

Finally, structural reforms have raised issues of power and legitimacy. The trouble with using the ‘invisible hand’ of the market to eliminate real or perceived risks of bureaucratic ‘capture’ is that it provides no normative standards against which one can assess the legitimacy of control by ‘consumers’ of various kinds, or the competing claims to power by ‘providers’, except the implicit value preferences that shape the structures and rules of competition and contracting. In a way that Weber would have dryly appreciated, this quest for greater legalistic and economic calculability has produced its own reverse effects (Gregory 2007). The fixation with ‘provider capture or with seeing functional separation as an automatic remedy’ ignores the potentially greater danger of capture not ‘because of inclusive organisational arrangements and the supposed problem of internal vested interests but of the power of external vested interests’ (Boston et al 1996:94). At worst, this serves to sustain ‘the economic and political position of those who can control the competition and to legitimise ‘captures’ by those who are already powerful (Mercer 1995).

Nor is network governance immune from this problem. The language of network governance is replete with ‘market-speak’ about the dependency on resources, centrality of exchange, and the importance of defining property rights to reward cooperative behaviour (Milward and Provan 2000). One might therefore be sceptical of network governance’s promise of empowerment through power-sharing (Huxham and Vangen 2005; Dovey 2003; Gray 2002). Such promises gloss over power inequalities in society and ‘the dark side’ of networks, with their implicit and explicit rules of inclusion and exclusion, for which governments not only have a right, but a duty, of oversight and control. Neglecting such issues undermines the legitimacy of networks themselves, and damages democratic governance (O’Toole and Meier 2004; Papadopoulos 2007). As Etzioni-Harvey (2005: 115) warns, ‘network governance process may well privilege the more powerful interests by providing access for them, so that by the very process of empowering some, network governance may well disempower others’.

Market disciplines might provide an appearance of freedom and transparency. They are however better understood as mechanisms of political control, reinforcing neoliberalism’s prioritizing of economic efficiency over other substantive social values. Institutional design is political, and all its associated problems have to be understood in political terms. Otherwise, the bleak Weberian image of ‘ein stahlhartes gehäuse’ looms large, reflecting the observation of Jean-Jacques Rousseau (1979: 120) that, ‘there is no subjugation so perfect as that which keeps the appearance of freedom. Thus the will itself is held captive’.
Economic constitutionalism

The managerialist reforms of the New Zealand state sector were accompanied by the creation of what has been called the country’s ‘economic constitution’ (Kasper 2000). The two pillars of this arrangement are considered to be the Reserve Bank Act 1989 and the Fiscal Responsibility Act 1994. The former institutionalises the independence of the Reserve Bank, limits its objectives to controlling inflation, and effectively insulates monetary policy from ‘unwarranted political interference’ (Gould 2006; Gregory 1996). The latter imposes a formal framework of ‘responsible fiscal management’ on fiscal policy.

Constitutions are about fundamental values, and therefore inherently political. However, New Zealand’s ‘economic constitution’ was designed with an explicitly anti-political objective, to put fiscal and monetary policymaking beyond ‘the reach of an unfavourable shift in the political winds’ and to manage them on the basis of ‘sound’ economic theories instead (Newberry 2002; Goldfinch 2000). They constitute classic examples of what Flinders and Buller (2006) call political ‘arena-shifting’ (see too Marcussen 2007). In this, they serve to obscure the fact that the choice is not simply between full employment and low inflation, or between government borrowing and a balanced budget. It is not just an economic trade-off between ‘long term gain’ and ‘short term pain’. Instead, it entails choices among economic growth and other values such as fairness, dignity, equality, democratic self-government, and the relative distribution of ‘pain and gain’ among citizens. To try to fence crucial areas of government policies from politics is to seek to limit the scope of political debate on crucial issues at the heart of a political economy, notwithstanding the fact, or perhaps because of it, that there has—as yet—been no popular rejection of this ‘economic constitution’.

This reification of the economy, and the de-politicisation of political-economic relations called ‘financial markets’, reflects dominant patterns of power. As Watson (2002; 2003) has observed, central bank independence provides ‘not only an institutional guarantor of orthodox monetary policies, but also a political guarantor that the interests of a particular sector of society will be inscribed at the heart of the policy making process’. It greatly diminishes the scope of genuine democratic accountability, representing the technocratic triumph of the politics of ‘necessity’ rather than of choice (Stiglitz 2006: 279-280).

The decline of parliamentary sovereignty

NPM in New Zealand ostensibly set out to ‘banish bureaucracy’, but—because of its neo-liberal foundations—it was more intent on limiting politics. As Pierre (2009) argues, with its insistence on the politics/administration dichotomy, NPM has resulted in a growing disjunction between the institutions of representation and those of administration. In New Zealand the reforms have brought significant, if seldom recognised, changes to the Westminster system. NPM rests uneasily with the doctrine of parliamentary sovereignty. This tension is rooted in the theoretical foundations of NPM, which saw the objectives of the governmental process as ‘effectiveness in the translation of the preferences of voters into outcomes, and efficiency in the conduct of Government administration’ (The Treasury 1987: 54). This conception eschews the
need for political deliberation, reducing it to a market survey of predetermined private preferences.

Ironically, largely in response to what many saw as the abuse of executive power in New Zealand’s ‘elective dictatorship’ during the period of the economic and state sector reforms, under the first-past-the-post (FPP) electoral system, popular referenda in the early 1990s resulted in the introduction of parliamentary proportional representation (Boston et al 1996a). In general this has been a significant gain in bringing parliament back to the centre of the public policymaking process, instead of being an outlier. Nevertheless, despite the work of parliamentary select committees, where narrowly partisan political game-playing is often less apparent, it would be stretching credibility to see the adversarial party politics which characterises parliament today more than was so under FFP as approximating the kind of developmental politics that was central to Mill’s understanding of parliamentary democracy. As an MP himself for several years, and an effective parliamentary debater, Mill thoroughly understood that parliamentary politics was ‘a rough process of a struggle between combatants fighting under hostile banners’ (XVIII: 254). Individual political development was a function of one’s involvement in this adversarial process.

It is not clear, however, that in New Zealand the rejuvenation of parliamentary democracy actually reflects what Mill espoused. For Mill, parties were vehicles for the contestation of clashing world views and partisan interests, as manifest in the struggle between the Whigs and the Tories. It is ironic that in New Zealand this had been the case for decades when two political parties—National and Labour—dominated parliament, one of the centre-right and the other of the centre-left. Although electoral pressures ensured that both tended towards the middle ground, the differences between them though not profoundly ideological were nevertheless politically significant. However, the nominally centre-left government which assumed office in July 1984 was responsible for ‘crashing through’ parliament a strongly ideological agenda of neo-liberal reform (Aberbach and Christensen 2001). The later shift to a proportional electoral system, which was a popular reaction against such heavy-handed politics, has resulted in more political parties gaining representation in parliament, although National and Labour have continued to be the two main ones, both of them remaining largely committed to maintaining the shape of the neo-liberal state. Alternative ideological standpoints are represented in New Zealand’s parliament today, most notably by the Green Party and the Maori Party, but neither have been able to seriously challenge the neo-liberal hegemony that has held sway since the 1980s. Moreover, several of the smaller parties which emerged after the introduction of proportional representation were vehicles for the political careers of their founders as much as they were genuine expressions of political aspiration.

Among the components of NPM, the ‘economic constitution’ poses the most obvious problem for parliamentary sovereignty, because its intention is clearly to bind current and future governments (Kelsey 1995). No government wants to be labelled financially irresponsible by departing from such an ‘economic constitution’, when they can get away with being socially irresponsible by complying with it. Less obvious is that by replacing public organisations’ traditional regulatory powers with the ‘fictitious legal person’s power to contract’, NPM has also substituted the law of contracts for well-established parliamentary controls under public law. The former
falls to the common law courts, operating beyond parliamentary scrutiny (Taggart 2005; McLean 2005).

NPM has had a paradoxical effect on parliamentary control over finance. While it has improved the flow of financial information to parliament, the production of more ‘transparent’, financial information through the use of private sector accounting techniques does not necessarily enhance genuine parliamentary scrutiny. It often generates an overload of politically irrelevant information – such as the complex classification of outputs – rather than better scrutiny (Boston et al 1996; Norman 2003; Schick 2001). There is a real risk that, as Laing (2006: 9) puts it, ‘the elevation of constitutionally irrelevant concepts’ – which may be good financial management practices – might undermine ‘decades of negotiation and settlement’ between the executive and parliament. Parliament’s right to know about every acts of the government (and not just the need to know what experts think is meaningful) might actually be diminished by such managerial ‘improvements’. The tendency to view political and constitutional issues as irrelevant to public management remains firmly entrenched, and the rediscovered politics/administration dichotomy remains ‘fundamentally sound’ in the eyes of those with the power to reject it (Gregory 2006).

Managerial accountability fails to acknowledge the intrinsically political nature of bureaucratic acts, which cannot be reduced to the production of outputs, or to ‘managing for outcomes’ (as recent New Zealand moves to enhance inter-agency collaboration have been called). Moreover, political responsibility relates not just to actions and results, and to ‘clearly specified roles’, but also to what could or should have been done. Under the traditional Westminster system, as Scott (1962: 132) puts it, ‘the category of the duties of Ministers is not closed’ and an ‘unfettered discretion in Parliament’ to determine the boundaries of such responsibility is essential for responsible government.

A crucial political difficulty with this control-based notion of accountability is that it has little to say about ‘the problem of many hands’ that often underlines cases of bureaucratic failures (Mulgan, 2004). This problem results not only because bureaucratic actions inevitably overlap, but also because they all share the same foundation of political legitimacy of the state as a whole. Discourses of managerial accountability implicitly assume that these issues of legitimacy and goodness are settled and largely beyond political debate. Sometimes, of course, they may be; but usually they are not. It confuses, as Mulgan (2004) points out, the causal culpability with the question of who was actually in charge and who should therefore take collective responsibility for exercising political power legitimately. Attempts to reduce such problems to individual actions on outputs or outcomes founded as they are on the discredited politics/administration dichotomy, as Gregory (2001) puts it, are ‘politically naïve’. Mechanistic division of accountability and responsibility tend to reduce them to, in Hannah Arendt’s (1963) terms, the ‘rule of nobody’.

Finally, mutual distrust between officials and politicians has become more apparent because of new opportunities for ‘cheating’ by both parties, in an environment based on unrealistic distinctions between politics and administration and ‘steering and rowing’ (Hood and Lodge 2006). Managerialism implies a change in the nature and purpose of the bargain: where the traditional ’Schäfferian’ bargain trades power and independence for trust and legitimacy, the managerial bargain gives bureaucrats a
competing source of power in economic and managerial expertise, largely
disconnected from parliamentary democratic politics. Members of Parliament can no
longer rely on their democratic credentials to control technocratic power, unless they
themselves were to become technocrats. This critically undermines the foundation of
liberal democracy as a political constraint on Mill’s ‘governors by profession’.

Conclusion: revisiting Weber and Mill

Weber and Mill provide compelling theoretical, conceptual and—especially in the
latter’s case—normative insights which together form a backdrop against which to
assess the wider political and institutional implications of New Zealand’s version of
NPM. Unless they have a firm understanding of the central elements of what Weber
saw as the historical process of rationalization those who seek to reform bureaucracy
but do not fully understand its essential character are doomed only to reinvent it,
probably in a form that enhances rather than diminishes bureaucratic power, and its
inherent preoccupation with managerial systems of control as ends in themselves. In
New Zealand the attempt to replace a perceived rule-bound bureaucracy with one that
focuses on results, with legalistic processes of accountability through contracts, has
resulted in something of a classical Weberian reverse effect. The quest for greater
efficiency and managerial accountability has created an increasingly regulated and
risk-averse culture of public service, which is arguably even more so that the system it
replaced (Mulgan 2008). The neo-liberal reforms, in seeking to transform citizens in
the image of ‘customers’ have attenuated that long-standing dimension of an
egalitarian political culture which had sustained a mutually constitutive relationship
between the state and its citizens (Gregory 2004). It is more than arguable that people
generally do not feel either that parliament is truly a House of Representatives or that
the political executive from which it is drawn are willing to be answerable fully and
openly to it. Nor is it clear that the people feel that state servants are responsive to
citizens needs, since officials must under NPM operate with an ever keener eye to not
to achieve the best outcomes but to avoid the worst. If there is a remedy it must be
found by a re-examination of what constitutes a politically healthy relationship
between democracy and bureaucracy, not in a nobbling of the former and an even
greater empowerment of the latter. In any such deliberation, those engaged in it
should hear the voice of Max Weber warning against the unintended consequences of
an uncritical drive for ever more rationality and efficiency: a progressive
strengthening of ‘ein stahlhartes gehäuse’. However, Weber’s largely pessimistic
view of the ways in which rationalization limits human freedom needs to be set
alongside Mill’s commitment to an educative democracy than enhances it. In
particular, much more attention should be given, than was ever displayed in the
heyday of New Zealand governmental reform, to John Stuart Mill’s argument for the
primacy of a liberal politics, at the heart of which is a deliberative, not purely
functionalist, Parliament.
Appendix: Works of J S Mill Cited as Collected Works (CW)

Autobiography (CW I)
Principles of Political Economy (CW II-III)
Chapters on Socialism (CW V)
A System of Logic, Ratiocinative and Inductive (CW VII-VIII)
Coleridge (CW X)
Utilitarianism (CW X)
Auguste Comte and Positivism (CW X)
On Nature (CW X)
The Latter Letters of John Stuart Mill (CW XIV)
Reform of the Civil Service (CW XVIII)
On Liberty (CW XVIII)
 Thoughts on Parliamentary Reform (CW XIX)
Considerations on Representative Government (CW XIX)
Subjection of Women (CW XXI)
Journals and Debating Speech (CW XXVII)

References


Etzioni-Harvey, E. (2005). ‘Elites with(out) Linkage in the New Millennium: A


