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Modern Bureaucracy

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Abstract

Max Weber believed that bureaucracy could be understood by analysing its ideal-typical characteristics, and that these characteristics would become more pervasive as the modern age advanced. Weber's horizontal account of bureaucracy can be criticised on various grounds, including its unrealistic notion of bureaucratic rationality. An alternative view is proposed, namely, that the development of state bureaucracies is driven by the trajectory of the high-power politics in which they are nested.

This claim is examined in the light of historical examples of the evolution of bureaucracies – in Prussia, Britain, the USA and Japan. In analysing these cases, the paper examines the original visions behind different institutional designs in different countries, and discusses how the vision was formed and how durable it proved to be. In contrast to sociological and historical explanations, the analytical contribution of new institutional economists to understanding the problems of bureaucratic evolution is assessed.

Then, moving from positive to normative, it is asked why there is an evaluative ambiguity in the idea of modern bureaucracy. In other words, why is it at the same time regarded as an essential requirement of a developmental state, and as a pathological aspect of the state's executive action? Five common complaints about bureaucracy are discussed in the light of Peter Evans's 'hybridity model' of public action, leading to the conclusion that some of these problems are quite deep-seated and likely to be unyielding to recent attempts at reform.

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1 The modernity of bureaucracy

Max Weber's account of the evolution of bureaucracy started from the claim that modern officialdom could be identified by a set of typical characteristics. These were that officials were full-time salaried employees, whose appointment, promotion and retirement was contractually based (and not derived from their ownership of their offices); that they were technically trained and that this was a condition of their employment; and that official rights and duties were well-defined in public written regulations. His study of history told him that this had not always been so, and that in previous centuries state administration had been much more personalised and part-time. He argued, however, that these novel characteristics did not apply just to modern state administrators, but rather applied to the institutions of modern society much more broadly. He saw the typical characteristics of modern bureaucracy emerging not just in state administration, but also in the church, the law, the military, political parties, science, university research and even in private enterprises. Because of the wide range of institutions that he believed modern bureaucracy to be permeating, one might say that Weber viewed bureaucracy as a horizontal phenomenon spreading throughout society.

He was interested in the emergence of bureaucracy as a long-term and pervasive macro-social process, one that he took to be a key element in the advent of modernity. The diffusion of bureaucracy in society was, for Weber, an important component of a grander trend. That was the movement away from the magical thinking of the European Middle Ages (he called this trend 'disenchantment') and the establishment in its place of secular rational values (a process he called 'rationalization'). The historical evolution of bureaucracy was thus a central part of his entire theory of history.[1] Yet the evolution of bureaucracy was also something that Weber feared and distrusted. His idea of the spread of modern bureaucracy almost amounted to a personal vision of dystopia. He interpreted it as a powerful force for increasing the efficiency of state action, by a process of de-humanizing the agents of the state (Gerth and Mills 1991: 215). Manifestly, political developments in the second quarter of the twentieth century, not only in the Soviet Union but also in Germany itself, lent substance to this interpretation and its associated anxieties.

Sociologists have made many criticisms of Weber, but here I just note two important ones. For the sake of clarity, it is better to substitute the idea of 'the rise of the professional' for Weber's 'bureaucratisation'. The idea of 'the professional' encompasses the criteria of full-time work, contractually based, and conditional on standards of expertise and training, but it has the advantage of allowing us to distinguish a general social phenomenon from what was happening specifically to the state administration. It is the latter that is the focus of this paper.

The other main problem with Weber's analysis was his confident assumption that the personal motives and attitudes of state officials could be made fully congruent with the behaviour required by their formal roles. It was assumed that the distribution of power in the official hierarchy could become identical with the delegation of authority. Even in

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[1] 'We nevertheless feel justified in holding that a unilinear construction is clearly implied in Weber's idea of the bureaucratic trend', Bryan S. Turner in Gerth and Mills (1995: 51).

countries with authoritarian forms of government, this is not necessarily the case. Actual power depends on the possession of information, the control of incentives and having the motive and skill to make rational use of them. Unless those at the top have these things sufficiently, autocratic regimes may not be particularly effective performers when it comes to governing. Although Weber saw that power had in the past been accumulated in the lower levels of a formal hierarchy, and that bureaucratic power struggles therefore had taken place, he thought that this bureaucratic unruliness would in future be gradually but completely eliminated (Rudulph and Rudolph 1979: 207-10).

The new institutional economists reinforce this sociological correction of Weber. Principal-agent theory makes the very notion of perfect instrumentalism problematic. On the contrary, it assumes that the goals and preferences of the principal (the superior in the hierarchy) and those of the agents (the subordinates in the hierarchy) do normally differ. It assumes that the agents normally have more information about the rights and duties that are delegated to them than does the principal. It assumes that the principal can redress this information imbalance, but only at an increasing cost. The question then is: how can a form of delegation be designed with incentives that minimise the deviation of the agents' behaviour from the principal's goals? The debate around this question has superseded theories based on assuming an official habit of obedience, bred either by perfect oppression (the slavery solution) or by perfect socialisation (Weber's false assumption).

Weber's ideal type cannot tell the whole story of modern bureaucracy, and Weber (to do him justice) was well aware of the different situations of the bureaucracy that existed in the United States and Britain. As he readily conceded, in the real world, some bureaucracies did not conform to this ideal type. What he saw, however, was just a variety of close approximations to it, exhibiting divergences that he thought were destined to disappear over time. It is instructive to re-examine three of Weber's historical examples of bureaucracy, plus that of Japan, in order to see whether they support his expectation of the disappearance of divergences. I take a contrary view, arguing two theses. The first is that the diversity of paths to bureaucratic modernity is much more fundamental than Weber allows when he speaks of the slow emergence of his ideal type in different countries. The second is that the vertical linkages between bureaucracies and high-powered politics can explain this more fundamental diversity, linkages that Weber's horizontal approach to the evolution of bureaucracy tends to obscure.

2   Varieties of successful bureaucracy-building

2.1 Prussian bureaucracy

Much of Weber's core model of what a modern bureaucracy should be came from his understanding of Prussian bureaucracy, which was virtually all that was left of Germany's institutional inheritance by the time of his death in 1920. Yet it is hard to understand that inheritance apart from its political context, the rise and fall of the Hohenzollern dynasty. The Hohenzollerns, a noble family from southwest Germany, by 1648 had acquired by dynastic marriages a scattering of non-contiguous territories

across the north of Germany.[2] The strategic and driving aim of the ruler, Frederick William (1640-88) was secure this collection of domains from a return of the ravages of war. The recent Thirty Years War had been the most ferociously destructive war that Germany had yet known. In order to avoid the damage of future such holocausts, the least Frederick William needed to do was to establish a small standing army, and then to find the means of raising continuous finance for it.

The traditional method of raising war finance had been to seek a grant from the local Diets, or parliaments, but one effect of the long war had been markedly to reduce the prosperity of the towns. This allowed Frederick William to dispense with their consent in the Diets (or parliaments) and to impose excises that were collected by his own servants. The origins of Prussian bureaucracy were thus linked both to active revenue gathering and to the ignoring of existing mechanisms of consultation and consent. In the 1670s, the independence of the towns was eroded, as they were placed under the rule of a body of officials appointed by, and responsible to Frederick William.

The un-free status of the peasantry made it easier to recruit and train military manpower, allowing Brandenburg-Prussia to become not just a country with an army, but rather, as it was often said, an army with a country. This aphorism could be applied with equal justice to the bureaucracy. In Brandenburg-Prussia, it was the bureaucracy that acquired a country, rather than vice versa. In 1723, bureaucratic centralisation was achieved when war and finance administration were integrated in the General Directory, as a means of giving some practical effect to the theoretical unity of the state, which had been proclaimed in 1713. However, it was only after Frederick the Great had gained Silesia during the Austrian Succession and Seven Years War, and after he took West Prussia in the 1772 partition of Poland, that the territorial integrity of the kingdom of Prussia was indeed consolidated.

Once the towns were subordinated, the building of the Prussian bureaucracy was a matter of displacing the rule of the local notables in the countryside. To appoint them directly as royal servants in their own localities would have obvious limits in ensuring their loyalty to the king. Instead, a variety of devices was adopted. Nobles were only allowed to serve the king in distant provinces far from their own local power bases. However, the king was willing to promote commoners to the nobility in exchange for service to the state. Official basic salaries remained low, but there were rewards for good and loyal service. Even these devices were not enough to ensure bureaucratic reliability. A further measure was required and Frederick II set up a cadre of secret inspectors to spy on his own officials and report back on their performance. Moreover, in part to spy on his own spies, he continuously toured around Prussia to keep himself informed about the condition of the country.

It is straightforward to translate these historical facts into the new institutional economist's jargon of negative and positive incentives and the costs of supervision. Yet it would be too mechanical to suppose that the success of the Prussian bureaucracy depended solely on the putting in place of the sticks and carrots required to motivate its performance. More subtle ideological influences also favoured its success. One was the

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2   From west to east these parcels of land were Cleves, Mark, Brandenburg and East Prussia. By the Treaty of Westphalia of 1648, they made the modest gains of Minden, Magdeburg and Eastern Pomerania.

royal sponsorship of Pietism as the official form of religion. This displaced the Lutheran Church, which tended to support the local nobility, but it also encouraged a widespread belief in the values of education and meritocracy, values that legitimised the Prussian bureaucratic order. Moreover, the absolutism of Prussia was an enlightened absolutism. Bureaucracy was an instrument of benevolent government. Frederick had tried to introduce a national system of primary schooling (1763), a limited land reform (1765-70), a customs and excise reform (1766) and a legal codification (1780-94) (Fulbrook 2004: 94-5). The introduction of entrance examinations for high administrative posts in 1771 set limits on his right to select, and gave senior officials greater autonomy.

Prussia's tariff reform of 1818 paved the way for the establishment of a more general customs union, the Zollverein, in 1834. As a result, a Germany unified by Prussia (1863-71) was well placed to undergo rapid economic development and rapid population growth thereafter. Nevertheless, the bureaucracy had developed some weaknesses, particularly at the middle level where group responsibility inhibited initiative. There is some evidence of bureaucratic obstruction of the growth of railways, for example (Armstrong 1973: 284-6).

However, the great failure of the later Hohenzollerns was not in the bureaucratic realm as such. It lay in their continuing inability to develop a political system adequate to coping with the socio-economic changes of capitalist industrialisation. Prussia was late in moving to representative government, and when it finally did so, the 1850 constitution entrenched the representation of an economically declining class – the Junker nobility of East Prussia. The constitution of the German Empire (1871) did move to universal manhood suffrage to elect the Reichstag, but the initiating power was reserved for the Bundesrat (Federal Council) and, above that, the Emperor, Chancellor, ministers, army chiefs and senior officials were the effective political masters. Bismarck's political juggling successfully disguised the lack of a broadly based political consensus until 1890, but it emerged clearly under Emperor Wilhelm II. By 1914, the bureaucracy was still under the control of the Emperor, the army and an old aristocratic elite, which had come to believe that domestic political tensions could somehow be resolved by external national assertion – for example, by undertaking a naval construction programme to challenge British supremacy at sea. Given that the bureaucracy had done little to prepare the economy for war conditions, this was a gamble that led to monumental disaster in the First World War.

The old elites then had to live with the consequences of military defeat – national humiliation, foreign demands for impossible reparations, self-inflicted hyperinflation and extreme social and political turbulence. When they could no longer do so, they turned to the leader whose bizarre and irrational mass movement promised them a national transformation. Hitler removed all vestiges of democracy, and then purged the bureaucracy of all opponents of Nazism, rendering it a pliable tool of his personal power.[3] Ironically, he did this by passing a 'Law for the restoration of the professional civil service', which provided for the demotion, retirement and dismissal of any official suspected of disloyalty to the Nazis (Haffner 2002: 183-5). In fact, such a restoration arrived only after a reverse process of purging ex-Nazis and the adoption of the American-designed constitution of the Federal Republic of Germany in 1949.

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[3] See Tooze (2000) for how this affected the German Statistical Office.

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2.2 British administration

While the Thirty Years war raged in Germany, the civil war in England preserved there a mixed form of government, in which legislation required the assent of the monarch and a parliament of nobles and commoners. Although over the following hundred years James II and the Jacobites made sporadic attempts to reverse this outcome, maintaining a high level of political tension and turbulence, the constitutional ascendancy of Parliament *vis à vis* the Crown increased rather than diminished. This implied that the King, in order to govern, increasingly needed the support of advisers who could procure for his legislation a reliable majority of votes in both Houses of Parliament. Conversely, those members of Parliament who wanted to advise the King had to be able to show that they could command the votes of the majority. The friction engendered by this mutual need produced two opposing forms of political paranoia. Parliament feared that royal manipulation was undermining its independence, while the King feared the 'storming of the closet' by powerful parliamentarians whose principles and policies he detested. Yet despite the mutual distrust, the early eighteenth century witnessed the growth of political stability in England (see Plumb 1967).

Most British government in the eighteenth century was local government, carried out by local volunteers, the Justices of the Peace. As far as the central government was concerned, the form that 'royal interference' took was allowing the chief minister to distribute Crown patronage, which he used to consolidate his majority in Parliament. Royal appointment to civil offices – something that did not extend to ecclesiastical or military offices – was dispensed by the prime minister of the day, whose choice of recipient was made with a view to bolstering his ability to carry on the King's business in Parliament, rather than on criteria of fitness for the particular office. This was the 'old corruption' that Walpole, Pelham and Newcastle reduced to a fine art. Since, if he distributed Crown patronage unwisely, the prime minister would lose his own office, the 'old corruption' necessarily involved a strong internal disciplining mechanism.

The return of war in the 1740s and 1750s strained British public finances, pushing up the national debt and, as the real value of the land tax declined, Parliament granted increasing revenues from stamp duties, customs revenue and excises and other forms of indirect taxation to fund the expansion of the navy and army (see O'Brien's paper in this volume). This growing numbers of revenue and excise officers swelled the 'offices of profit under the Crown' that could be used for political patronage. After the loss of the American colonies strengthened opposition to the influence of the Crown, various measures of 'economical reform' were legislated in 1780, including bringing the Civil List under the control of Parliament and setting up a Public Accounts Commission. The reports of the Commissioners of Public Accounts (1780-6) laid down the principles of administrative reform. These included performance of official duties in person, not by deputies; payment by fixed salary, and not by levying fees; and strict obedience to the regulations governing the discharge of duties (Langford 1989: 696). However, the conservative reaction to the French Revolution delayed the implementation of these principles until the next century.

The Northcote-Trevelyan report (1853-4) provided further recommendations for reform, namely, that recruitment should be by open examination and that promotion should be on merit. Defeat in the Crimea and the Indian Mutiny finally galvanised the governments of the day to put these principles into action, first in the Indian Civil Service, and finally at home. The presiding spirit was that of Gladstone, who, as

Chancellor of the Exchequer from 1859 to 1866, asserted firm Treasury control over the numbers of and expenditure on the civil service, and introduced new bodies to support it – the Exchequer and Audit Department, the Public Accounts Committee of the Commons and the Civil Service Commissioners. He instituted open examination and merit promotion in the home civil service by an Order in Council of 1870. Crown patronage was now severely circumscribed, and the expansion of Victorian government regulation – of factories, prisons, transport, postal services and so on – was de-linked from it.

Certainly, Weber's observation that the bureaucratisation of the British administration went on slowly was justified (Gerth and Mills 1991: 228). For a further century after Gladstone's reforms, technical training was not made a condition of employment at the highest administrative level. Nor was it given after selection, except for recruits to the Indian Civil Service and (from 1929) to the Colonial Service. The written entrance examinations were closely modelled on the examinations of Oxford and Cambridge Universities, whose graduates for long dominated among the successful recruits. This Oxbridge elite operated as a cadre of high-level generalist administrators, a self-image that was more and more challenged as the tasks of government expanded and became increasingly enmeshed with scientific and technical activities.[4] The issue of improving specialist skills in the civil service was addressed by the report of the Fulton Committee (1966-68), but its moderate recommendations met internal resistance that limited the extent of change. Nevertheless, a civil service training college was finally set up in the 1970s.[5]

Britain was also slow to achieve a unified civil service. Even after recruitment was centralised, new recruits entered Departments that were separate and independent, and then were promoted within them (Salter 1961: 36). It was not until the pressures of the World Wars and the rapid expansion of British public administration that the limitations of excessive departmentalism even started to be overcome. In operational terms, the novelty was inter-departmental committees of officials that reported to equivalent committees of the Cabinet. The official committee charged with planning public expenditure was a particularly powerful centralising force. In management terms, unifying changes included central appointment to the key administrative posts in each department, as well as inter-department transfers of personnel. Yet although Britain was politically centralised, it was still struggling to achieve 'joined-up government' under Tony Blair at the end of the twentieth century.

2.3 The US executive branch

The statesmen of the fledgling United States of America designed a new constitution, conscious that in doing so they were addressing a larger question: 'whether societies of men are really capable or not of establishing good government from reflection and choice, or whether they are forever destined to depend for their political constitutions on accident and force' (Hamilton 1937: 3). The fact of their deliberate reflection and choice

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4 Edward Bridges (1950) explained and argued the case for the generalist administrator, while Thomas Balogh (1967: 11-52) fiercely attacked it.

5 The small Treasury Centre of Administrative Studies had been set up in 1964.

makes it easier for us to re-capture the vision behind the institution of bureaucracy in the US.

The constitution makers wanted to start again, avoiding the mistakes of the past. The major source of the mistakes to be avoided was not local; it was Britain, whose political institutions had allowed the oppression of the American colonies to occur. First, the exercise of political power by a hereditary monarchy and aristocracy was deemed objectionable in itself, so direct or indirect popular election was made the foundation of all political power. Second, the influence of the British Crown in Parliament was seen as malign, and, to avoid anything similar, the doctrine of separation of powers debarred legislators from holding executive office and members of the executive branch from being elected as legislators. Third, faction or 'party interest' was seen as a source of political instability, so the intervals between elections (and thus the terms of office) for the legislature and the President, the head of the executive, were fixed.[6] At the same time, to avoid creating instability by a complete turnover of personnel every four years, legislators and the President were allowed to stand for re-election. Fourth, the founding fathers were generally suspicious of the evils of government, so it was provided that the different branches of government should 'check and balance' each other. As far as the executive was concerned, this meant that the President had the right to propose the appointment of officials of the United States, but that the Senate must consent to each nomination before it could be effective (ibid: 491-6).

Did the US constitution succeed in establishing good government by reflection and choice? History's answer to Hamilton's rhetorical question was a dusty one. Why so? Faction or the spirit of party could not realistically be expected to be permanently absent in a political system in which elections had been given such a prominent part. With the passing of the revolutionary generation, parties were formed more tightly and competed with increasing ruthlessness. The first Tenure of Office Act (1820) gave the President and the Senate the power to re-appoint to every office of the US government (except federal judgeships) every four years, after the Presidential election. This was justified by the argument that rotation of offices would prevent the emergence of an official aristocracy able to pass office on to its children. It certainly did that, and it also stopped dead the emergence of a class of professional public servants similar to what J. S. Mill (1962 [1861]: 341) described as 'the permanent strength of the public service' in mid-Victorian Britain.

What emerged instead was the American spoils system, where public office holders were dependent for their tenure on the electoral success of one political party, with which they had wholly to identify themselves. This was not just a matter of declaring a party affiliation, but of paying part of their salary to the party when in office, and working for the party organisation when out of office, in the hope that it would be re-elected (Brogan 199 [1985]: 268-9). The power of appointment effectively passed from the President to the Senate, where deals were made on the basis of reciprocal favours. The scramble of the hordes of office seekers brought other government business to a near stand every four years, but without the compensation of appointing the most meritorious candidates. It was only after a disappointed office seeker assassinated President Garfield in 1881 that the Pendleton Act (1883) introduced a merit-based

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6 This measure was similar to the 'triennial parliaments', being advocated at the time by parliamentary reformers in Britain, such as Sir Christopher Wyvill of the Yorkshire Association movement.

appointment mechanism, and a slow transfer of federal jobs from a patronage to a merit basis began.

Weber was surely right to say that in the US the social esteem of officials was low because the demand for expert administration remained low, and that dependence on popular election both lowered the expert qualifications of officials, and weakened the functioning of the bureaucratic regime (Gerth and Mills 1991: 199, 201). The worst excesses of American machine politics were mitigated by the slow spread of merit-based recruitment within the federal civil service and reforms placing restrictions on the methods of funding political parties.[7] Yet it is still the case today that political appointees have various entry channels into the federal bureaucracy – Presidential appointments, Schedule C jobs, and non-career executive assignments that together account for one percent of personnel. In addition, jobs are often filled on a 'name request' basis, where the agency has already identified the candidate that it wishes to appoint – usually on the basis of shared views about policy (Wilson and DiJulio 1995 [1980]: 394-6). Moreover, in a federal system, state governments are responsible for much civil service recruitment. They do this by various methods, some of which include electing officials, including judges.

2.4 The Japanese bureaucracy

During the Tokugawa period in Japan, samurai warriors transformed themselves into government officials, becoming a high status nobility of service rather than a professional cadre. After the Meiji revolution of 1868, Meiji leaders countered the power and privileges of Satsuma and Chōshū feudal groups by establishing a bureaucracy of Higher-level Public Officials, who shared the status of their predecessors, but were also evidently modern in being university-trained and recruited by public examination. Under the Emperor, they exercised an authoritarian rule that was hardly diluted when a National Diet and political parties were authorised in the Constitution of 1889. At the end of the nineteenth century, Japan's political system closely resembled the form of government that Bismarck had created for Imperial Germany, in which a prime minister and his Cabinet and the civil and military bureaucracies were responsible to the Emperor – and not to the Diet and its elected members. By the 1930s, this form of monarchical constitutionalism – to use Weber's term – had stabilised and was following a very similar militaristic trajectory to that of Wilhelmine Germany, ending in the military disaster of the Pacific War of 1941-5.

However, Japan did not undergo the same post-war reconstruction as West Germany, and the economic bureaucracy emerged from it stronger than previously. While the military bureaucracy disappeared and the powerful Home Ministry was broken up, few economic bureaucrats were purged. The extensive controls operated in the economy during the US occupation of 1945-52 even tended to enhance the powers of the economic ministries. The National Public Service Law 1947 (no. 120) did not provide a strong basis for civil service reform. It did set up a National Personnel Authority with responsibility for public service examinations, pay scales and grievance procedures, but

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7 These restrictions have had the unfortunate side-effect of delivering the political parties and their candidates into the hands of wealthy individuals and corporations, to an extent that was not the case under the nineteenth century spoils system.

control of budgets remained with the Ministry of Finance, and central co-ordination machinery in the Prime Minister or Cabinet Office was omitted.

The result was a system in which the Diet, a significant portion of whose members were now ex-bureaucrats, acted as the ratifying body for legislation drafted by the ministries, and after 1955 the Liberal Democratic Party, as the dominant party, acted as a defender of minority interests (farmers, small enterprises) against the ambitions of the economic bureaucracy, which were generally seen as representing the national interest of Japan Inc. The Prime Minister and his Cabinet were able to bring relatively little political leverage to the making of policy. Indeed, it has been said: 'the norm is for the minister to fear his bureaucrats' (Johnson 1982: 52). The bureaucrats were in the happy position of being able to give informal advice and guidance, and having it implemented voluntarily by members of the public. Where the bureaucracy enjoys so much power, status and respect, there is inevitably fierce competition for posts, fierce internal struggles for promotion and fierce territorial battles between departments for new jurisdiction and control of agencies that are intended to co-ordinate. Competition extends after retirement to securing the possession of top jobs in private and public corporations banks and politics.

None of this prevented Japan from enjoying a period of extremely rapid economic growth, making it a major economic power in the world. Between 1946 and 1976, the Japanese economy increased fifty-five-fold (ibid: 6). Although its causes remain controversial, many scholars believe that the economic bureaucrats were instrumental in managing this often-called miracle. Since 1976, however, the Prussian-style system of administrative guidance has been much attenuated. Partly this is due to deliberate policy efforts towards de-regulation and reform; partly to the arrival of information age technologies the production of which the economic bureaucrats would have had difficulty directing and partly to increased judicial review of administrative actions (see Woo-Cummings 2006).

3   Bureaucracy, the legislature and the electorate

It is instructive to see, from these four examples, how markedly the actual bureaucracies of these economically developed states differ from each other in their genesis, structures and abilities to exercise power. These examples also demonstrate that a comparison confined only to the ideal typical characteristics of bureaucracy – the method of recruitment, terms of appointment, remuneration, training and method of operation – is likely to provide only modest insight into the reasons why bureaucracies differ, and how well they have evolved. This is because state bureaucracies cannot be understood by examining them in isolation. If they are instruments, their fitness cannot be judged just by looking at their characteristics. These qualities become relevant only when we know who is meant to use the instrument, and for what purpose. Fitness is the right relation between the user, the tool and what the user is trying to achieve.

Each bureaucracy exists in its own special web of politics. Whether evolving out of traditional political practice (Prussia, Britain and Japan) or in the context of a newly and consciously designed constitution (USA), bureaucracies have to be understood in relation to the larger political system of which they form a part. The larger political system will be subject to its own evolutionary pressures. Our case studies confirm that a

critical question is how far the political system will go on the path of democratisation (Acemoglu and Robinson 2000: 1167-99). The resolution of this question will establish who are the ultimate masters of the bureaucracy, and determine the breadth of the power of the political engine that attempts to drive it.

When pressures for democratic reform become active in society, the policy agenda itself changes in favour of greater income and wealth redistribution. If the elite politicians of the day do not find ways of attending to the new policy agenda, they will erode their political legitimacy and bring ultimate grief upon themselves, and on their public servants – however well attuned to their purposes their servants are. This is the moral of Prussian history after 1850 and Japanese history from 1890-1945. As the British and American cases show, politicians' ability to respond to the challenges of incipient socio-economic development is improved if they are already linked to their society, however imperfectly, by a political system with representative elements, as in Britain and, to a much greater degree, the USA. Yet when politicians do adjust to a new policy agenda, aiming to maintain their political legitimacy, they encounter a new problem in their relations with bureaucracy. They find that the bureaucratic instrument that was fit for their purposes yesterday is no longer fit for their new purposes.

To maintain their legitimacy, democratic politicians have to strive regularly for a popular mandate, conferred through the electoral process. In the first half of the twentieth century, this form of competition produced decisions to extend the functions of government into the areas of health, education and welfare; after the Depression of the 1930s, into regulation of the economy; and into military-related functions that were not fully phased out after each World War, such as scientific and technological research. The decisions to extend government functions were themselves driven by long term structural changes in Western society, such as population growth, urbanization, industrialization and international economic integration. They represented a new grand bargain in which the electorate's greatly enhanced willingness to pay personal taxes was exchanged for the greatly expanded welfare and social security services of the state.

Once absolutism has given way to representative government, the application of principal-agent theory necessarily becomes more complex. Instead of one, two principal-agent problems now present themselves. One is the relation between the legislature and the bureaucracy, and the other, newly added, is the relation between the electorate and the legislature. The legislature is a party to both relations – as the would-be agent of the electorate and as the principal of the bureaucracy. This intermediary role of the legislature means that the two agency problems are not independent of each other and so cannot necessarily be resolved in sequence. Instead, they interact in complicating ways. In particular, the legislature may be tempted to try and make its policy commitments to the electorate more credible by delegating their implementation to bodies with a longer life span than its own fixed electoral period (Horn 1995: 24). Delegating important functions to permanent agencies is a further step by which the legislature restricts its powers of day-to-day control in the interest of reassuring the electorate that promises previously made to it – such as the legislature's side of the grand bargain – cannot be easily reneged on. The recent proliferation of agencies of restraint, such as 'independent' central banks with control of monetary policy, suggests that the need for such reassurance has not diminished.

The interlocking of the two agency problems creates the time inconsistency of incentives for the legislature and bureaucracy. Tax-financed bureaus with a permanently

employed staff and a fixed hierarchy operate with a different time horizon than legislators, who in a democracy must submit to regular re-election. This makes civil servants more risk averse and less responsive to short term political impulses than politicians in a democratic regime. In particular, permanent tenure gives bureaucrats a key advantage in struggles with their principal. They can try to wait out a political master whose policies they oppose. They have an incentive to slow down necessary political and administrative processes in the hope that he or she will be replaced before the disliked policy is fully implemented. This is one reason why it is naïve to suppose that the introduction of democratic politics will very easily bring bureaucracies under democratic control.

4   The ambiguity of bureaucracy

Is bureaucracy a vital institution that has to be built up by poor countries that are in pursuit of economic development? Or is it, on the contrary, an institution that persistently threatens, like a fast-growing riverweed, to choke the channels of public administration? That 'bureaucracy' has a pejorative connotation is well known. Yet recently a World Bank report explained the East Asian economic miracle by noting that, from an institutional perspective, 'the first step was to recruit a competent and relatively honest technocratic cadre and insulate it from day-to-day political interference'. It remarked that 'in Japan, Korea, Singapore and Taiwan, China', where fast economic growth had occurred, 'strong well-organized bureaucracies wield considerable power' (World Bank 1993: 14). Some international institutions evidently see insulation of the bureaucracy from democratic control as an institutional requirement of poor countries wanting to make economic growth and development can flourish.

To understand the ambiguity of bureaucracy, we need to distinguish between the abstract and the concrete senses of 'bureaucracy'. It is abstract bureaucracy that bears the negative connotation, while the concrete noun – 'a bureaucracy', a synonym for an organised civil service – does not necessarily do so. This distinction allows us to imagine that there could be bureaucracies that are not bureaucratic in the pejorative sense. From this one might conclude that the essential problem for poor countries is to design the institutional context for a non-bureaucratic bureaucracy. Before jumping to this conclusion, however, it is necessary to be more precise about what is wrong with bureaucracy in the abstract sense.

Those who use 'bureaucracy' as a term of abuse, rather than a neutral description of a body of government officials, are probably making one or more of five complaints. The first – and perhaps the most fundamental – of these complaints is that officials are accountable only to their superiors, and not to those whose affairs they administer. Officials are empowered first of all by the prevailing laws, but then, under the law, by their superiors delegating powers and duties down to them through an organised official hierarchy. None of this implies any accountability to the governed.[8] Bad bureaucracy then is the lack of popular accountability of officials.

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8   As the etymology of the word indicates, bureaucracy has been and still can be understood as a form of government that stands as an alternative to representative government and democracy. As John Stuart Mill put it: 'The only governments, not representative, in which high political skill and ability have

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The second complaint is a more recent one that has been advanced by economists. The bureaucracy, to the extent that it provides goods and services, operates without any competition, and in the absence of competition, has no incentive to force down the costs of production of public services. Bad bureaucracy is pervasively inefficient.[9]

The third complaint, also due to economists, runs parallel to the previous one. To the extent that the bureaucracy is providing regulatory services, it is in danger of being 'captured' by the private interests whose activities it is intended to regulate. When regulatory capture has taken place, bad bureaucracy becomes the creator and distributor of rents and vested interests in the private sector (Stigler 1975).

The fourth complaint arises because modern bureaucracies operate by making and enforcing rules that apply to categories of people. The purpose of this practice of making general rules is to eliminate arbitrariness, personal favouritism and objectionable discrimination in administration. Examples of such category-based rules are: all pregnant women are entitled to collect free vitamin supplements; or all who receive public money to which they are not entitled must pay it back. However, all such general rules usually have some exceptions, from the point of view of complying with common sense – exceptions that are not foreseen or written into the general rule. Yet officials may apply the written rule literally and exactly, and without the exercise of any judgement and discretion. Bad bureaucracy is the legalistic implementation of category-based rules.

The fifth complaint is the multiplication of offices and departments, which then operate without adequate co-ordination. The proliferation of different offices induces a failure of high-level overall control of the bureaucracy. In these conditions, delegation becomes incoherent, and bureaus operate with overlapping and conflicting functions. As a result, people suffer unnecessary delays while trying to find out which official is responsible for the matter concerning them. Bad bureaucracy is bureaucratic expansion and the blurring of responsibilities that it induces.
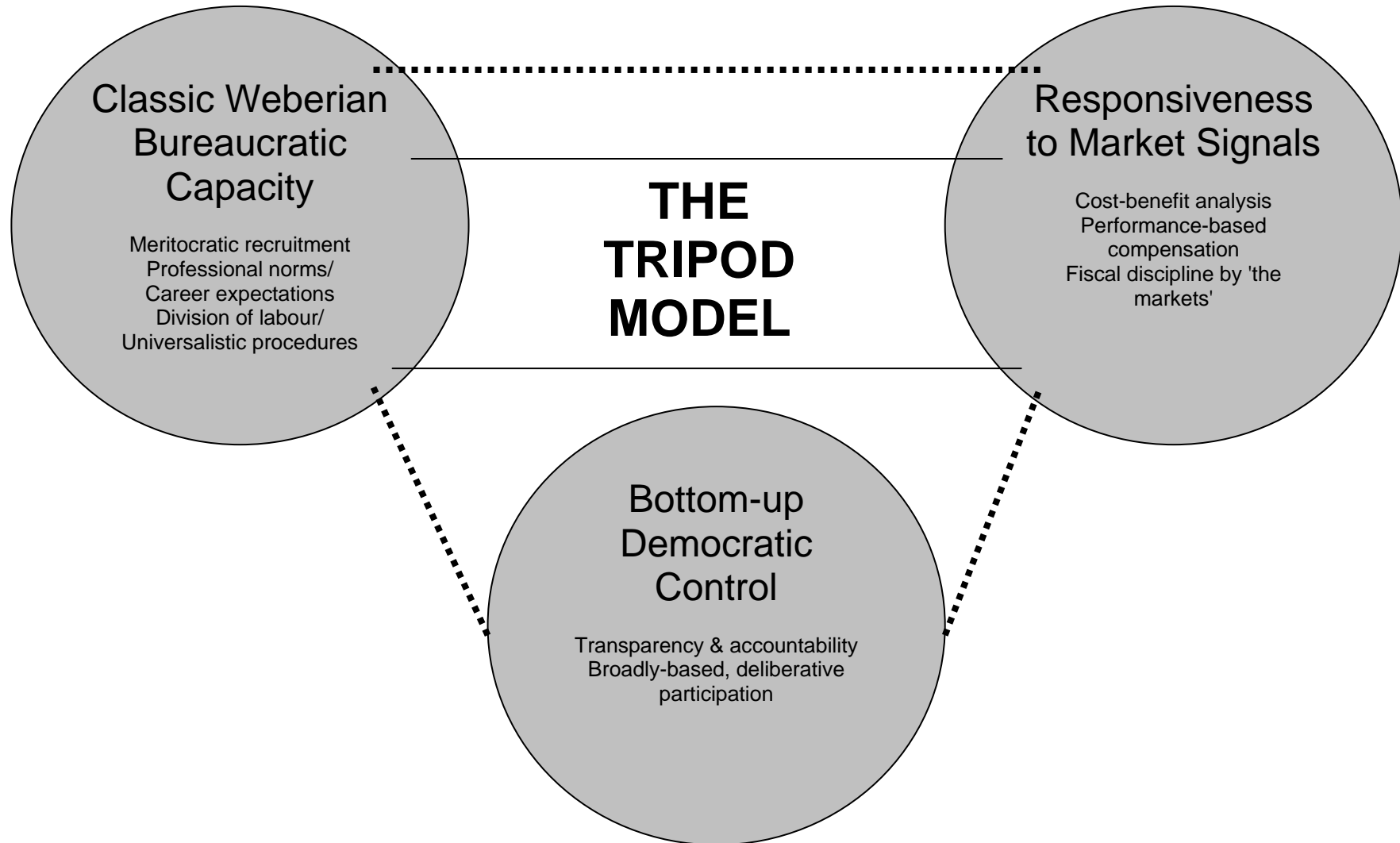
Is it possible then to eliminate these negative features of bureaucracy, and design non-bureaucratic bureaucracies to be the institutional tool that will facilitate the aims of development? What are the correctives to these five complaints? Peter Evans (2003) has proposed that 'the effectiveness of public institutions depends on 'hybridity', an integrated balance among three different (sometimes contradictory) modes of guiding public action'. The three modes are: enhancing bureaucratic capacity, defined in terms of Weber's ideal type characteristics; following market signals, conveying the costs and benefits of public resource use; and empowering bottom-up democratic participation to check that state action reflects the needs and desires of ordinary citizens. Evans's 'tripod model' is depicted in Figure 1.

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been other than exceptional, whether under monarchical or aristocratic forms, have been essentially bureaucracies. The work of government has been in the hands of governors by profession; which is the essence and meaning of bureaucracy' (Mill 1962 [1861]: 245).

[9] This argument has an analogue that is often overlooked. If the bureau is a monopoly provider, it is also a monopsonist in the market for administrative labour. It is therefore able to keep the price of its inputs lower than would be the case in a competitive situation. Thus bureaus may not use their inputs efficiently, but this matters less because the dominant input – labour – is artificially cheap.

Figure 5.1 The 'tripod model' of state control

Classic Weberian Bureaucratic Capacity

Meritocratic recruitment
Professional norms/
Career expectations
Division of labour/
Universalistic procedures

THE TRIPOD MODEL

Responsiveness to Market Signals

Cost-benefit analysis
Performance-based compensation
Fiscal discipline by 'the markets'

Bottom-up Democratic Control

Transparency & accountability
Broadly-based, deliberative participation

By the mid-nineteenth century, bureaucracy was attracting popular criticism precisely because the monarch had successfully subordinated it, and it had become the well-honed instrument of powerful but undemocratic monarchies (Heizen 1845). Since then, the democratic control leg of the Evans tripod has been much strengthened. Yet even elected politicians in long established democracies have to struggle to maintain the upper hand in relation to their bureaucrats. That fact was the source of the humour in the well-observed British television series *Yes, Minister*. It would be naïve to suppose that the recent spread of democratic regimes from the OECD countries to Latin America, the former Soviet Union, Asia and Africa, the problem of democratic accountability has disappeared there. As Evans observes:

> Election does not increase the range of policy options available to political leaders and the prerogative of electing leaders does not necessarily result in concrete democratic input into the policy making process. While there are encouraging instances of expanded democratic input, they are still not sufficiently generalised to challenge the overall tendency towards imbalance.

Much more work is still needed, despite the wave of democratisation of the last two decades, to devise novel ways by which ordinary citizens can increase the transparency and accountability of bureaucratic action.

There is clearly a fear in some powerful international organisations that any increase in democratic control could disable a bureaucracy from being effective for development. The authors of the World Bank's East Asian Miracle study thought that East Asian bureaucracies were effective because they were insulated from day-to-day political interference. Yet what constitutes 'political interference', and what is the right degree of insulation? When does democratic control stop and political interference begin? These central unresolved issues of modern bureaucracies must continue to be the subject of discussion and the object of political contest.

The market signals leg of the Evans tripod addresses the issue of reducing government inefficiency. Yet that issue is clouded by the fundamental difficulty of measuring government output. The budget provides information on the costs of the inputs, but unless these can be compared with the value of the output, it is hard to calculate what has happened to efficiency. This is a fundamental problem of applying cost/benefit analysis to government services. If the market signals could have induced the provision of these services, no government intervention would have been justified in the first place. In this situation, there is no easy market-based solution. Nevertheless, some improvement in efficiency can probably be achieved by n-th best measures, such as finding small components of a public service that can be out-sourced, by simulating the conditions of competition where they cannot naturally prevail or simply by insisting that departments surrender a regular small percentage of their expenditure as 'efficiency savings', if only to force them to examine the make up of their current costs and make straightforward economising choices.

Regulatory capture, however, arises because of concentrations of political and economic power that become mutually dependent. In industries where oligopoly prevails, existing firms have an incentive to capture the political power to regulate, as a means of deterring potential new entrants. Political parties have an incentive to promise to provide anti-competitive forms of regulation in return for financial contributions to their

operating expenses. The bureaucrats may have an incentive to prefer any type of regulation to a scrupulous insistence on enforcing only regulations that are a genuine public benefit. The pressures for collusion are then powerful, and to lessen them once collusion has taken hold cannot be a matter of following market signals because the market is being rigged. Breaking the problem of regulatory capture would have to involve radical political change initiated from outside the system of collusion. Nothing less than the rise of a new social movement would have a chance of success.

What of the other two categories of complaint? The implementation of bureaucratic rules, like that of legal rules, will always remain problematic. There is an inherent difficulty in anticipating within the written rule itself all the circumstances under which it might have to be implemented. The attempt to deal with every possible case always increases the complexity of the rule, and this probably reduces people's ability to understand it. If, on the other hand, the rules are kept simple but officials are granted discretion to interpret them, other problems arise. Some will not use their discretion, while those that do may take different views about what common sense requires in the circumstances. The governed will then be subject to what is sometimes called a 'post code lottery', namely that while the rules appear to be the same everywhere, what actually happens in a particular case will depend on the jurisdiction where one lives or where one registers one's business. This, too, may be a source of dissatisfaction and complaint, particularly in regard to sensitive issues like taxation. The enlargement of official discretion opens the door for the return of personal favouritism in the application of rules. Once permitted discretion is there, the next step is that some officials will start selling their favours to those who pay, fuelling the growth of official corruption.

The problem of blurred lines of responsibility is not easy to remedy either. Some remedial steps are feasible. In the short run, one can just demarcate official rights and duties more sharply. In policy-making, campaigns for 'joined-up government' can do something to mitigate the follies of excessive departmentalism. In service delivery, there is often scope for organising a 'one-stop shop' at the point of public access. The trouble is that such moves, worthy as they are, can never be once-for-all operations. The management of a civil service must be viewed dynamically.

The definitions of responsibilities and the lines of hierarchical delegation must always be intermittently changing, and some fuzziness about where they lie at any one time is therefore a more or less permanent feature of the bureaucratic scene. This is one factor – let us call it the defensive motive – that fuels bureaucratic turf wars: no one wants to lose out in the forthcoming reorganisation. Turf wars themselves then make the picture muddier, as individual units make claims and counter-claim about the appropriate lines of demarcation, and seek to bolster such claims by behaving as if the issue was already settled in their favour. Powerful high-level management can subdue this kind of conflict, but never eliminate it.

The foregoing discussion has shown that the ambiguous evaluation of bureaucracies is not the result of superficial defects in the ways that they operate. On the contrary, the ambiguity is fundamental and deeply seated, since measures to address bureaucratic defects are often the source of new and different problems, and in any case need to be applied on a continuing basis. Thus, the prospects of smart designers producing successful blueprints for a non-bureaucratic bureaucracy are not particularly promising. The Evans hybridity model is a useful heuristic device for summarising key elements of

the bureaucratic problem. However, it also emphasises that the task is to maintain eternal vigilance, and to balance continuously the trade offs between further reforms of each leg of the reform tripod.

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