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Building the New Managerialist State: Consultants and the Politics of Public Sector Reform in Comparative Perspective

Denis Saint-Martin,

*Oxford University Press, 2000,
209 pages*

This work by Université de Montréal political scientist Denis Saint-Martin is the latest in a series of books by Oxford University Press—including Michael Power’s *The Audit Society* and Christopher Pollitt’s *Performance or Compliance?*—on instruments and assumptions underlying public sector reform.

Saint-Martin examines the role played by management consultants in public sector management reforms in Britain, Canada and France. He asks whether differences in the response to managerialist ideas in London (enthusiastically embraced), Ottawa (selectively advanced) and Paris (largely ignored) are related to the size and maturity of each country’s management consulting industry. The book is very well written, demonstrates a sophisticated command of the literature and provides a 30-page bibliography.

The author suggests that his analysis differs from much of the current literature on public sector reform. He does not assume that globalization will necessarily produce convergence in national approaches. Nor does he assume

that the state is so weakened that specific characteristics of individual governments are unimportant. He views new managerialism in evolutionary rather than revolutionary terms and traces its development over several decades. Most important, he provides the first detailed empirical study of the role of management consultants.

Saint-Martin examines three possible causal factors in the spread of managerialist ideas: 1) the rise of the New Right in the 1980s, 2) the process of globalization and 3) the emergence of a “consultocracy” based largely in international management consulting firms. After demonstrating that no single factor provides a sufficient explanation, Saint-Martin introduces the concept of “policy legacies” that the predisposition of decision makers to adopt a new policy depends on their experience with previous initiatives in related areas. He suggests that British, French and Canadian responses to the “new managerialism” in the 1980s were influenced by each government’s experience with the “old managerialism” of the 1960s particularly Program Planning and Budgeting (PPBS), which had been embraced more fulsomely in Canada and France than in Britain.

The policy legacies proposition resonates with this reviewer, who entered the Canadian public service in 1972 after studying at an American graduate school the reasons that PPBS was

falling short of Washington’s expectations, only to witness five years of predictable disappointment with attempts to make it work in Ottawa. A generation of officials gave its best efforts to implementing PPBS in the 1970s and then in the early 1980s to working with innovations such as the Policy and Expenditure Management System (PEMS), policy ministries and “value for money” auditing. Canada prided itself as an international leader in some of these areas. However, the limited successes of such techniques of rational management in the political environment faced by successive Canadian governments led to a deputy minister cadre in the late 1980s that was well versed in the theory but sceptical about the applicability of many managerialist ideas.

Saint-Martin provides a fascinating history of the management consulting industry, focusing on partnerships that evolved into the “Big Five” firms engaged, until 1999, in both accounting and consulting. The accounting profession developed in mid-19th century Britain and migrated with British investments to North America and the English-speaking world, gradually adding ancillary consulting services. In France, accounting and management consulting developed more slowly, partly because of the prominence of family and state-controlled businesses having less need for independent accounting.

In analyzing the limited impact of private sector consultants on public sector management in France, Saint-Martin notes how French *étatisme* remained strong even as the government moved from a *dirigiste* to a market-oriented economy. Graduates of the *École nationale d'administration*, who have led the French civil service for 40 years, are confident of their administrative expertise and convinced of the differences between managing in the public and private sectors. Their esprit de corps enabled the *Énarchie* to block the rise of a French *consultocratie*.

In 1981, President Mitterrand launched decentralization reforms, partly responding to the Left's desire to counter the elitism of the Paris-based civil service. The resultant growth of administrative activity at the local level provided the first significant public sector demand for management consulting in France. When subsequent governments pressed for public service renewal in the central administration, bureaucratic reformers created their own internal management consulting capacities, to the dismay of private sector consulting firms. The position of internal consultant was incorporated into the inspection function of the *corps des Inspecteurs*.

Saint-Martin concludes that while the differences in the maturity of the consulting industries in Britain and France contributed to different responses to managerialist ideas by their governments, additional factors were important in Canada, where the management consulting industry was well established by the 1970s.

Management consultants had an early impact on Canadian public service reform following Prime Minister Robert Borden's engagement in 1918 of the Chicago-based Arthur Young and Co. to develop the classification system for the civil service, to be administered by the newly created Civil Service Commission.

In 1960, three years into office, John Diefenbaker's Conservative government called on a former senior partner from Clarkson Gordon, Grant Glassco, to lead a Royal Commission

on Government Organization. Saint-Martin sees the Glassco Commission, which spent over \$2 million on management consulting research, as a formative influence on management consulting in Canada.

Saint-Martin suggests that there are important differences in the way management consulting interests in Britain and Canada have been institutionalized in the state apparatus, resulting in British consultants being more able since the 1970s to make their voices heard in the inner circles of policy making. When Harold Wilson was elected Prime Minister in 1964, the Labour Party saw the civil service—and particularly the Treasury—as part of a conservative establishment that would absorb and deflect radical socialist policies. A committee under Lord Fulton concluded that the civil service was still fundamentally based on the model of the generalist amateur and that too few civil servants were skilled managers. Saint-Martin suggests that the self-confident permanent secretaries did not share Fulton's conclusions, and viewed management “as little more than com-

mon sense disguised in repulsive jargon.”

The Conservatives under Edward Heath issued a White Paper in 1970, *The Reorganization of Central Government*, which led to the Programme Analysis and Review system and the creation of the Central Policy and Review Staff in the Cabinet Office. A “Businessmen's Team” of industrialists and management consultants moved into the Civil Service Department to help implement management reform.

Saint-Martin suggests that the access and influence given to management consultants in the United Kingdom in this period was comparable to that given the consultants in Canada who worked on the Glassco Commission a decade earlier. Where experiences in the two countries diverged was in the “new managerialism” associated with Margaret Thatcher's Government, which came to power in 1979. He notes that Thatcher's reforms relied heavily on new organizations at the centre of government (the Efficiency Unit, the Policy Unit and the Financial Management Unit) staffed in part with management consultants. As the consulting industry became associated with the Conservative political agenda, and expenditures on consultants rose dramatically, a political backlash developed. Following Prime Minister Major's 1994 inquiry into the government's use of management consultants, expenditures on consultants declined.

In Canada, Saint-Martin suggests that, since Glassco, it has been through the Office of the Auditor General that management consultants have had their greatest influence on management reform. He reminds us that the Canadian Auditor General has a much higher public profile than his British counterpart, who is typically appointed from within the civil service and reports to the Public Accounts Committee, whose members tend to garner the media attention.

He describes how J.J. Macdonell, head of Price Waterhouse's management consulting division, became Auditor General in 1973 and proceeded quickly to expand the mandate



and size of the Office. Macdonell skillfully utilized his former colleagues in the accounting-consulting firms and the Public Accounts Committee to outmaneuver Treasury Board presidents and secretaries at almost every turn. He commissioned such high-profile studies as the Wilson Committee report on value-for-money auditing and the Study on Procedures in Cost Effectiveness.

The government responded by including in the 1977 *Auditor General Act* an oversight role respecting value-for-money auditing and by creating in 1978 the Office of the Comptroller General. Requirements for extensive cost-benefit analyses and output measures boosted demand in departments for management consulting services. The Office of the Auditor General's own expenditures on management consultants rose from \$5,000 to \$7 million annually in the first few years of Macdonell's tenure.

Saint-Martin concludes, however, that the indirect influence that management consultants achieved through the Office of the Auditor General diminished the opportunity for the more direct influence in decision centres enjoyed by their British colleagues in Thatcher's Whitehall. Canadian ministers had resented the tactics (including the studies by management consultants) used by Macdonell to expand his mandate. The relationship with the Auditor General deteriorated further when Macdonell's successor, Ken Dye, took Prime Minister Mulroney's government to court to see whether Cabinet documents could demonstrate that ministers had been inadequately advised in a commercial transaction. Relations have improved during the tenure of Dye's more measured and diplomatic successor, Denis Desautels.

This reviewer agrees that external consultants had little influence on management initiatives taken by Ottawa's central agencies during the 1980s and early 1990s. Officials kept abreast of management reforms in

other jurisdictions — particularly Britain, New Zealand, Australia and provincial governments — through contacts with counterparts and through academic advisory groups. Meetings were organized with leading Canadian CEOs to learn about restructuring experiences in the private sector. Seminars were arranged with best-selling management gurus, and links were maintained with consulting firms. But when it came to developing strategies and plans — such as those for Public Service 2000 and the 1993 departmental restructuring — public service leaders believed they could obtain the most rigorous, relevant and cost-effective assistance from within the service.

Saint-Martin's study ends in the late 1990s. Three recent developments may warrant future analysis. First, the increased reliance on former public servants since the substantial downsizing of the public service in the mid-1990s. Anecdotal evidence suggests that, apart from technology-implementation contracts, the most important assignments tend to be awarded not to management experts from big firms but to former public servants — for the very expertise formerly available within the service.

Second, the structure of the consulting industry is changing as major firms separate from their accounting partners and progressively tie their fortunes to technology implementation. Third, it would be interesting to compare experiences in provincial governments, many of which have relied more extensively than has Ottawa on name-brand consulting firms to help with management reform and organizational change.

Saint-Martin's book provides a solid foundation for further study of such issues.

Ian Clark, President of the Council of Ontario Universities, was Deputy Secretary to the Cabinet in the 1980s, Secretary of the Treasury Board in the early 1990s and has been a partner in an international accounting/consulting firm.

Margaret Brinig

From Contract to Covenant: Beyond the Law and Economics of the Family

Harvard University Press, 2000

Some of the most contentious issues of public policy and law reform today relate to children and families: recognition of same-sex relationships, responding adequately to youth crime, and dealing with divorce to name a few. While this book focuses on the law and policies of the United States, which differ in some critical respects from Canada, anyone with an interest in family and children's issues will find many useful insights in this readable book by an American law professor.

As the subtitle suggests, Brinig applies a law and economics analysis to a broad range of legal and policy issues related to the family. Law and economics is a hybrid discipline that utilizes economic concepts and models to analyze the effects of different types of legal and social policies. Scholars in the law and economics field engage in both theoretical and empirical work. An economic analysis of marriage and the family was first developed by the American economist Gary Becker in the 1970s. While recognizing the value of this approach, Brinig also appreciates some of the limitations of an economic analysis of the family, observing that "love" is a "factor that does not fit well into commercial economic models," so she combines this analysis with some sociobiological, feminist and historical insights.

The analytical framework offered by the discipline of law and economics often provides novel perspectives and insights, looking into often unintended or unappreciated effects of different types of legal regimes. However, its practitioners at times make unrealistic assumptions or minimize value concerns, and often seem to make conservative policy recommendations; this book is no exception.