

The State After Henry

Britain has had an impure form of Fordist state. Thatcherism tried to turn it into a fully-fledged Fordist state. **Robin Murray** argues we need a post-Fordist state

The events of the last decade have ensured that the organisation of the public sphere has become the central political problematic of the 1990s. Previously the key issue for social democratic as for revolutionary socialists has been how to take state power. Now the question is how to administer it. For what is clear from the collapse in eastern Europe, and from the administrative problems of the public sector in the West, is that the long-standing model of the state is seriously flawed.

At the same time the introduction of the market and of private capital into areas previously administered by the state has already led to the re-emergence of the problems which the original development of the state was intended to solve. We know, as John Major knows, that congestion will not disappear if you set up tolls on the M1 or privatise the northern line. The traffic gridlock of American cities testifies to that. Nor will homelessness be solved if public housing is sold. The state is far from finished. The question is – and it is a question that has never been more open since the mid 19th century – what form it should take.

The form of 20th century administration was that of mass production. States sought to match the demands of economy with the need for new services by borrowing the ideas and methods of industrial Fordism. Progressive architects tried to apply Ford's methods to housing, schools and hospitals. They designed basic models, and then standardised the components and the process of construction. The lack of variety was justified in terms of economy and equality, and became bound up with the welfare state principle of 'universality', the availability of standard rights and services for all. School dinners, desks, and uniforms could all be produced and purchased as if for the army. This was the Fordist welfare dream.

Alongside the standardisation went the ideal of scale, the bigger the cheaper. London's mental hospitals looked like

large factories in the green belt. Schools grew in size, as did airports, and public offices. Boroughs lost services to counties and counties to Whitehall. The argument was always that size allowed greater specialism (Spanish in the sixth form), cheaper supplies, and more economic administration.

The state also borrowed from industry the ideas of F W Taylor on work organisation. Tasks were broken down and wherever possible deskilled so that they could be performed by semiskilled labour. There was a strict division between what the Victorians called 'intellectual' and 'mechanical' labour, with the managers laying down how work was to be done. Each job carried with it a detailed job description and its own wage rate, all of them subject to centralised negotiation.

The structure of management followed the same principles. The senior managers planned what was to be done, did the co-ordination between units, and took the decisions. There was little autonomy for subordinate units or links between them. Management decisions were issued via a lengthy hierarchy to those delivering the service. Service information and requests for decisions made their way back up the hierarchy in a sea of memos and multiple copies.

These flows of information and decisions were the pistons of the administrative machine.

The accompanying rules and procedures were the casing. Because it was so highly structured and complex it was slow to adapt to external changes and preferred to get its supplies and technical support in-house. It was an introverted form of organisation. Where it did have external dealings these were done through senior management. Supplies were purchased through detailed contracts and subject to formal tendering procedures.

As for the users of the service, not surprisingly they often felt themselves to be the passive objects of a service machine which deskilled the client as much as the service worker (the control of patients over their own bodies in the

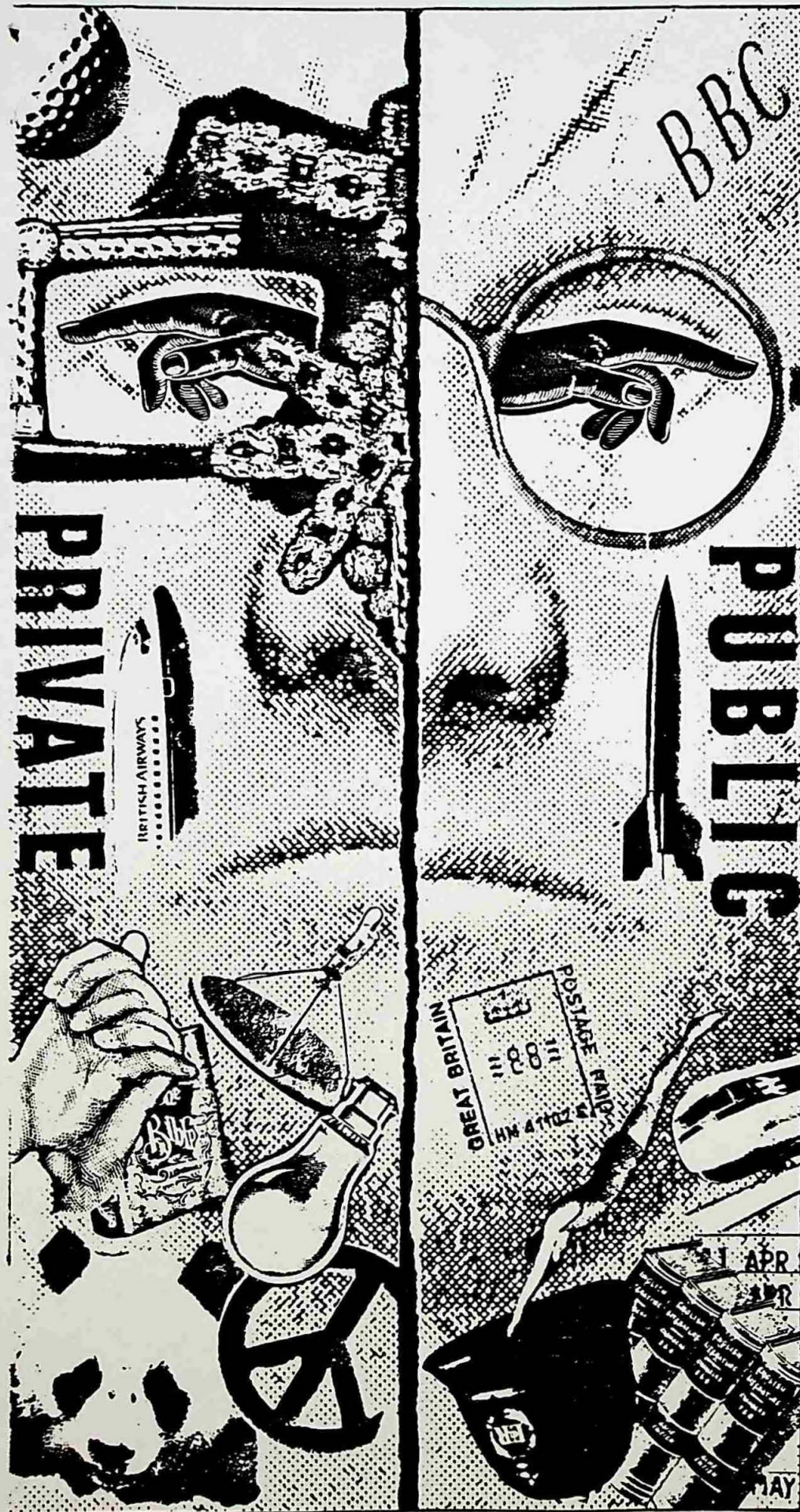
health service is a case in point). For its part the public service – say the local swimming pool – had little idea who used its facility, and thus how it might be tailored to meet particular needs. There is then a distinctly Fordist element in the 20th century state: standard products; a commitment to scale; a Tayloristic labour process; a centralised and information-heavy administration; which was inward-looking and cut off from the suppliers and users. These are a part of the administrative culture of our time, promoted by the Left as much as by the Right.

Yet the public sector has been an awkward territory for Fordism. Many of its services are delivered by skilled professionals – doctors, teachers and social workers – who have resisted the attempts of the 'scientific managers' to fragment their jobs, and standardise them. The fact that civil servants have had job security and strong national unions, has made it difficult to impose on them the level of managerial control that has been the rule in private mass production.

If state managers have had less operational control than their private counterparts, they have had more centralised power. Partly this is because ministers are formally responsible to parliament for the conduct of their ministries, and the senior bureaucrats are responsible to ministers. Those at the centre thus have an interest in keeping tight control over those beneath them. Partly, too, it is because the costs of over-centralisation – the delay and poor services – are difficult to measure when the services are not sold. Firms judge a unit's performance by profit. A state cannot do this. Sub units, like individuals, are judged by their ability to stick to rules and keep to budgets. This encourages centralisation, and a bias towards neglecting the amount and quality of service.

For these reasons the traditional form of the modern state is best described as semi-Fordist. In the United States where the old order of land and the new order of labour were both weaker, the movement for scientific management faced less resistance. There, as paradoxically in the Soviet Union, Fordism provided an integrated structure for private industry, the military and civilian administration. In Europe, the very size of the public sector provided a political and economic space which was more insulated from the market and which witnessed a continuing tension between a Fordist model of administration and those within the administration who were threatened by it.

The Tory policies of the last decade are to be seen against this background. Their significance should not be underestimated. Previous governments over two centuries have tried to cut back the state and control its costs. But the current changes have been formed by a theory of public administration which is quite new.



The key text of this approach by Niskanen appeared in 1971. It seemed no more than an ideological excursion of orthodox economics into a neighbouring academic field. Within 20 years it stands at the centre of our political stage, as Keynesian generations listen passively to the sound of its axes in the cherry orchard of the state.

'Public choice' - for that is the name given to the new approach - appears to be about introducing the market economy into previously sacred public domains. Its language is that of contracts and competition, of consumption and choice. In this it already decisively changes the traditional points of focus from inputs to outputs. It calls the producers to account on behalf of the consumers, and seeks a new democracy of service choice to replace an old corruption of producer interests. It advocates, like Adam Smith before them, invoke the market as a weapon against an order of privilege, and in doing so believe they have history in their sails.

I want to suggest that contrary to its appearance the main thrust of Thatcherite policy, inspired by public choice theory, has been to further the Fordist project of the traditional public sector.

It has done this to begin with by using the market and financial controls to extend Taylorism, notably to the work of public sector professionals. Jobs have been broken down and the less skilled parts assigned to lower-paid workers, (this has been at the heart of the reorganisation of nursing). Other jobs have been deskilled through automation, or through government grant scales which are only economic for less experienced and lowerpaid providers (this was the case with training grants in the late 80s). Job redesign and cash pressure has increased the intensity of public sector work. Systems of reward have been geared to performance, with output being measured, and individual cash payments promoted as the main form of incentive. These policies have been presented as bringing private sector labour practices into previously protected parts of the state. But their significance is that they represent a particular type of labour market regime - that of the scientific management movement.

There has been likewise a restructuring of managerial control. The key innovation has again been output measurement. Instead of senior civil servants and ministers being directly responsible for operations, services are run at arm's length on the basis of a performance agreement. Whether or not the service operators are public or private the mechanism is similar. Thus the Government's Next Steps initiative has divided central government work which cannot be privatised into a small administrative core and some 40 new agencies (such as the Stationary Office). Each is issued with a contract, a budget and allowed to get on with it. The same principle is being applied to quangos

and to many local government services. Ministerial and senior bureaucratic responsibility is now confined to the issuing of contracts and the monitoring of performance. The state has become a purchaser rather than a provider.

This again runs right against the trend of a century of public administration. But in substance it is no more than the introduction of Alfred Sloan's basic model for a divisionalised General Motors. The agencies, like GM's divisions, are still structured as vertical hierarchies. 'Next Steps' does not change the basic model of organisation, but shifts the locus of control. The decentralisation from politicians is counterbalanced by a centralisation within the agencies themselves.

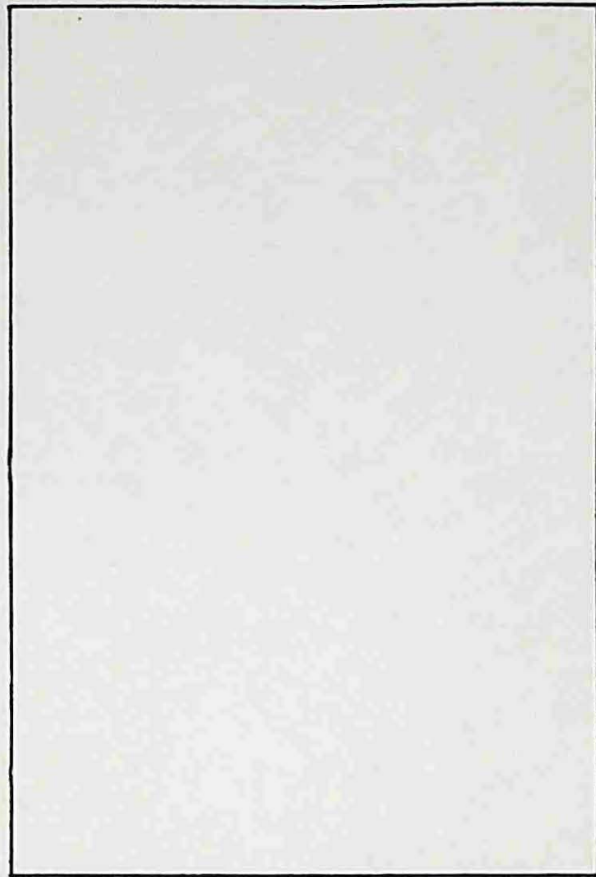
The Thatcher revolution in government is at its core the attempt to impose the control structures of Fordism on the state. In some instances private sector managers have been employed by the state. In others, the private sector has taken over directly through privatisation or sub-contracting. The purchasers of state assets, and the contractors of state services, have for the most part been the larger companies. They have been the agents for the new order.

The changes have served to confirm other features of Fordism. There is still a clear commitment to scale, reflected not least in the closure of smaller local facilities. As for products, the role of large firms in taking over public assets or services has meant that commercial mass products have been substituted for the standard public ones.

But the clearest indication of the continuing Fordist character of the state is the central institution of the new order—the contract. It presupposes arm's length relations between contractor and contracted. The contractor draws up the contract unilaterally and in detail. It may be negotiated with a public agency or submitted for tender. The contract carries a price or budget, and once signed, the contractor agrees to withdraw to the sidelines and confine itself to monitoring. In spite of revision clauses the contract freezes the service for the agreed period, and is ill-fitted to adapt to changing circumstances. It epitomises inter-Fordist relations.

The point is that the new-model state is based on an old model of management. It is a model which shaped the British state, but never fully controlled it. Thatcherism has changed this and shifted the style of state management to a more commercial Fordism. What remains critical is that this old model of management is the one which has been responsible for the problems faced by British and American industry in world markets. Those in the forefront of industrial competition have exhibited a new post-Fordist managerialism whose tenets go right against the policies discussed above, and point up the central weaknesses of the new Right's model.

The first weakness concerns quality. Already the control of service quality



has been the overriding managerial problem of local authority and central government sub-contracting. It has also been a central problem for private industry. A recent industrial survey in the US suggested that 15-40% of ex-factory cost was accounted for by poor quality, in contrast to the low defect rates in Japanese factories. What the Japanese have found is that quality cannot be imposed from without, as public sub-contracting aims to do. It must be secured and monitored by front-line producers.

The second weakness relates to labour. The new managerialism sees skilled front-line producers as a key not only to quality but to innovation and production control. To be effective they need training, job security, and a commitment to the work. The same applies to white collar workers. It is now a first principle of modern management that a firm's competitiveness depends above all on the quality of its labour force. The Thatcherite state goes almost wholly against this — with its emphasis on deskilling front-line workers, cutting their pay, and increasing labour turnover rates to the levels of a mass production factory. An innovative, high quality, economic public service cannot possibly be built with a Taylorised and antagonised labour force.

Third, there is the structure of management. Post-Fordism emphasises decentralisation of control at all levels, to production teams, support units, and the factory managers. It also seeks to limit the upward flow of information, keeping it in the hands of operatives

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who need it. Technical production staff are given an advisory rather than controlling role. Layers of middle management have been stripped away so that the organisational pyramid is flattened. What preoccupies management is not how to enforce vertical chains of authority, but how to establish functional horizontal links between separate production units, through project teams, information flow and so on.

The new Right state contradicts each element of this model. It has reinforced centralised managerial control and reduced front-line operative autonomy. It has multiplied the quantity of financial and other central information required by senior management, to the benefit of the accounting profession. Most seriously of all, it has scattered the state into fragments between which there are no co-ordinating links. Co-ordination in the past was too centralised. Now, other than the market, there is none at all.

Fourth, the place given by the new Right to 'the contract' is entirely at odds with post-Fordist practice. The aim of the latter is to establish longterm working relations with suppliers and customers. The watchword is trust not contract. Japanese firms are known for their 'mutual understandings' of one page where Ford would have a contract of 500. The rationale is that what the purchasing firm wants cannot be specified in a contract. It puts forward ideas, the supplier comes up with others, both are committed to continuous improvement which would outdate a contract before the ink was dry. Suppliers are taken on for their capacity to innovate and work co-operatively not for low prices. Tendering is the antithesis of this type of relationship.

Similarly close relations are sought with customers. A recent study found that over half of a sample of innovations in the US came from customer ideas. In an era of customised products, customers themselves become part of production. The idea of detailed arm's length contracts runs right against the industrial tide.

The above suggests one clear conclusion. The Thatcherite model of the state is deeply flawed as a system of service delivery. It has attempted answers to some of the weaknesses of Britain's traditional semi-Fordist state — its overcentralisation, its rigid occupational structures — but the answers have been Fordist in nature and contradict the requirements of public service organisation.

What of the alternatives? Private post-Fordist management has given greatest priority to the issues of innovation, quality, customised products and the flexible machinery that such customisation requires. These have in turn depended on a skilled and cohesive labour force. They have also demanded an open organisational system which has multiple points of autonomy within

it, and sees a wide range of working relationships with those outside it. The condition for decentralisation within it is a developed system of control information, and the cohesion that comes from some measure of shared culture. It is a system that centres round social relations rather than exchange.

This is not a description of a Japanese model of management. Not surprisingly, private firms face contradictions in promoting co-operation when ownership is restricted. But any new model for the public realm has much to learn from those places where elements of post-Fordism are emerging in large firms, in localities of small and medium ones, and in some of the successful groups of co-operatives.

As a starting point, post-Fordism encourages us to focus on the front-line producers of state services, on the users and the relationships between them. On these producers will depend the quality of service, and many of the improvements in it. The refuse collector, the bus conductor and the staff at the local library come from the organisational shadows and are recognised as the key points of public contact. Interestingly, the chief executive of Wirral Council (Conservative) has taken to spending time on the council's reception desk for this reason.

What is implied is not merely greater status and permanence for such front-line workers, but delegation of operational responsibility, and training in information gathering, processing and reporting. There have been successful experiments in Sweden with home helps organising their own schedules instead of relying on an office manager. To a Taylorised culture such ideas seem far-fetched, but they are common practice in the best of modern industrial production.

One need is to redefine jobs to include working with users. I say 'users' because the word 'consumer' fails to recognise that the user too produces. Indeed users often want to be more involved in production, but are prevented from being so by the way services are organised. Consider the change in the user's role in preventative rather than curative medicine, or in programmes of energy conservation rather than generation. There has been a mushrooming of user groups around such issues. In some cases they may run a quasi-public facility directly - like a community centre. In others they are channels for information and discussion, and a means for pressing the state on the nature of its services.

What is clear from these civic movements is that people are far from the model of individual, passive consumers, who are all-knowing and rational about what they want. We all want to learn and know more, to do things together and have control over our lives. This puts the role of the service worker in a new light, as a supporter, and adviser as much as provider. Take the job of refuse

collecting. One local council near Rotterdam in Holland has redefined it to include advising householders on recycling. A whole range of jobs can be redefined in this way from electricity meter reading, to school caretaking or the guarding of museums (and commonly are, unofficially, in ways that privatisation has disrupted).

Professionals also work in the front line. What is striking is that professional training of, say, doctors or university lecturers puts much greater emphasis on technical knowledge than on interpersonal skills, let alone on how people can help heal themselves, or how adults learn. These types of skills and relationships are difficult to measure. They cannot therefore be included in contracts, and the time allowances assumed in public contracts tend to squeeze out such quality time.

Starting with the service providers inverts the normal organisational pyramid, or rather recasts it as a circle with the service workers and users in the middle, and other parts of the public sector - the maintenance crews, the accountants and managers - supportive of them. The difficult question is what should be the structure of the relationships between the cells of the service relationship and the wider organisational body. This is one area to which the new Right have devoted great energy. They have shown that the lack of output measurement was a major weakness of the old public regime, since it led to control through costs.

We should all welcome operational figures like how many trains are late, or what percentage of letters arrive on time. We need more of them, particularly about use. How many people use the public library and who are they? What is the occupancy rate of school buildings? Not only should these figures be public, but they should be used to prompt new services, and customise old ones. If cost per user replaced free floating cost as a key indicator, it would place a premium on improving access to facilities (a free bus ride with every swimming ticket) and on expanding services rather than cutting, say, library hours to save on wages.

The Japanese, like the new Right, have a thirst for measurement, but they use it not to introduce some quasi-market, but as a means of improving output. Production line workers undertake statistical quality control with a higher level of statistics than an undergraduate economist. These numbers are used as tools of diagnosis and to suggest innovations. What doctor's practice follows its patients progress with one-tenth of this attention?

Productive quantification is a support not a substitute for qualitative assessment. For evaluations, inspectorates, quality commissions, service auditors, student's assessments (indeed user assessments more generally) must always take first place, and like the figures themselves, serve to suggest and

stimulate as well as assess.

Such systems of information represent the nerves of any new social economy. Equally important are the terms of the labour contract and what the French call the 'formation' of those who work in it. State work should be craft work not mass work, and the labour contract should reflect this. This implies an idea of apprenticeship and the re-assertion of a sense of career in an extended way. Public sector workers, like the west Danish furniture workers who gather experience all over Europe before returning home, should be able to shift between different public sectors (as in French educational employment), and take time out from their contracts to work abroad, or in industry, or in domestic caring.

One lesson from the history of all European bureaucracies is that overriding attention was given to the training of civil service elites. The Indian Civil Service founded its own public school (Haileybury) in 1806. The mid-19th century civil service reforms were intimately linked to the reforms of the public schools and Oxbridge. In France there were civil service colleges, in Prussia a long period of bureaucratic apprenticeship, after a legal education. In all cases the aim was to create an integrative culture, and to tailor recruitment procedures to those who had that culture, as the key to organisational structure and control. Like the major corporations of today, the 19th century bureaucracies did not take a common culture for granted.

A progressive state needs to pay similar attention to the recruitment and training of all who work for it. Public sector employment should reflect the composition of the society which it serves, which is why the employment of women and minorities is so important an issue today. There needs also to be a common ethic, and a sense of shared social values as a precondition for decentralisation and a redefinition of the 'service relation'. The substance of further education, polytechnic and university education should be reassessed in this light, with a concerned sociology replacing utilitarian economics as a preparation for public work.

A cohesive culture is the first principle of post-Fordist organisation. Another is the need for decentralisation and a lattice network. Production units, like the frontline staff, need a measure of autonomy, clearly marked, within which they decide, and to which sets of users can relate. The decentralisation principle has been key to the shape of modern production and its organisation.

It necessarily challenges arguments for scale. Large technical projects often exhibit diseconomies of organisation. They have been inflexible (the French nuclear power industry is a prime example) and have been promoted by an overcentralised government which cannot deal with small projects. Furthermore, many of the specialist services that have been used to justify amal-

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gation could be provided through consortia or by separate service units.

What the organisational issue turns on is whether autonomous units can work together effectively, or whether a centralised, controlling management is required. Industrial experience in Italy, Germany and Japan suggests that networking between independent enterprises has been remarkably successful as a way of overcoming the separation of departments in a divisionalised firm – indeed large firms have been encouraging horizontal networking by the sub-units within them. From the viewpoint of the state this suggests a lattice structure, with a central or local state ensuring that lateral links are made and unified systems established.

Such organisations are 'open' within themselves, porous, with a necessary variety. Equally their health depends on them being open to the external world. This implies that effective democracy is a prerequisite for any effective public service. Liberalism and socialism have emphasised votes, parties and majorities as the cornerstones of a concept of democracy. The practices of the state has taught us that this is not enough. Representatives (and party workers) are few in number, and dominated by the tyranny of the immediate.

Four things are required. First with the decentralisation of administration, there should be a decentralisation of representation, with users represented in the management structures of oper-

ating units and agencies. Second, discretionary public funds should be made available at local and national level to support user groups. Third, the detailed operating information of any service should be publicly available. Fourth, discretionary funds are needed for research on long-term strategy for particular sectors, since it is regulatory structures and integrated production systems – often planned many years ahead – which increasingly limit the scope for any say in the present.

If a strong civil society is critical to an effective public service, post-Fordism suggests that the character and culture of the non-state economy is also significant. Many of the debates in the past have been about the boundaries between public and private. Less attention has been given to the character of each.

I have defined the public sector in terms of a social ethic, a body of skilled public workers, with a commitment to a particular form of service, and subject to various kinds of democratic control. Historically the state represented one way in which the idea of a society could be reasserted within the context of a daily fractured experience. It stood for some sense of collective culture – and although many of its structures have been inadequate – there is still a real sense even today in which teachers, nurses, or doctors identify with their work for its broader social purpose.

Many of these tenets of a social econ-

omy are found outside the formal state in voluntary organisations, companies limited by guarantee, co-operatives, community enterprises and so on. These 'not for profits' form a third sector which is one of the most rapidly expanding in the USA. Their operational structures, their producer/user relations and their collective ethic exemplify many of the principles discussed above.

There is scope for extending the idea by changing company law to recognise a new category of private enterprise – the social company – which although privately owned, accepts as part of its practice elements of the social economy I have described. Such companies along with the third sector should be seen as prime partners of any post-Fordist state.

The regressive distributional results of the new Right's reforms have been evident from the first. I have concentrated on what I think are the productive weaknesses. The severity of the results, coupled with the destructive radicalism of the measures themselves, have now produced a particular political moment. It is a moment which offers a real opportunity for the Left to advance an alternative social vision, together with the outline of a new model, at once a productive and democratic post-Fordist state. ●

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