Abstract:
The ‘bureaucratic’ paradigm of public administration has become perhaps the most maligned approach to the field in modern American public administration scholarship. Despite defenders (with Larry Lynn and Charles Goodsell prominent among these), public bureaucratic agencies have been criticized from left-leaning scholars advocating approaches as diverse as democratic citizenship, publicness, civil society, organizational humanism, new public administration, and postmodernism. Similarly, more conservative advocates of public choice, neo-liberalism, reinventing government and the new public management also condemn public bureaucracy. These discussions have not been limited to American scholars, as other Anglophones have contributed, and these discussions are also evident in a range of other national public administration literatures. These other literatures provide a valuable corrective to these discussions, though. Reflecting both an ahistoricism and parochialism, American (and more broadly, many first world) scholars of public administration, not to mention elected officials, too often forget just how revolutionary the bureaucratic paradigm was in their own societies, and remains in the world today.

The bureaucratic revolution

The science of administration has been around at least since Wilson’s call for “a science of administration which shall seek to straighten the paths of government, to make its business less unbusinesslike” (1887, p. 201), and of course Henri Fayol’s 1916 *Administration Industrielle et Generale* preceded this English language administrative science literature. Chevallier similarly points to earlier roots of administrative science (1986, p. 12-19).

Henry describes this science of administration as having received a substantial boost in the 1920s and 1930s, with Willoughby’s *Principles of Administration*, followed a decade later by Gulick and Urwick’s POSDCORB (Henry 2007, p. 28-30). The influence of the more recent ‘public management’ movement (Henry 2007, p. 34-5; Bozeman 1993) on the discipline of public administration has seen understanding of science and technique strengthened. Even much of the ‘new’ public management movement, with its emphasis on improved management techniques (Paula 2005, p. 53-64; Hood 1991, p. 4-5; Bresser Pereira 1998, 18-20, 52-58), is consistent with the traditions of this venerable, and still prominent (Candler 2008) administrative science paradigm.

Iain Gow (2009) has termed this ‘pragmatic institutionalism’, a term that nicely combines the emphasis on structure (institutionalism) and technique (pragmatism) in the paradigm, and identifies this as “the default position in PA in Canada” (p. 15). Gow loosely describes this

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1 Martin goes further, arguing that “virtually every significant concept that existed in American public administration by 1937 (half the history of the field since Wilson’s essay) had already been published in France by 1859” (1987, p. 297).
paradigm as atheoretical, and instead “combines a conviction that institutions are important with a strong desire to keep up with the evolving scene and to ‘get it right’” (p. 16). This pragmatic institutionalism is hardly a Canadian peculiarity. South of the Canadian border, in addition to Woodrow Wilson’s description of public administration as “eminently practical” (1887, p. 197), Leonard White noted that “in every direction good administration seeks the elimination of waste, the conservation of material and energy, and the most rapid and complete achievement of public purposes consistent with economy and the welfare of workers” (1926, p. 3). Across the Atlantic Gibbon similarly noted that “the growing complexity of modern conditions and the increasing difficulty of modern problems make it imperative to attain still higher reaches of administrative ability” (1926, p. 434). In France, Michel Crozier defined bureaucratization as “the rationalization of collective activities” (1964, p. 3), and Jacques Chevallier links the development of administrative science to the need for the absolute state of the 18th century (2002, p. 10-11), the liberal state from the 19th century (p. 13-15), and the welfare state of the 20th century (p. 15-19), to fulfill their respective visions of the “bien-être collectif” (p. 11). Finally, Brazilian Beatriz Wahrlich argued that only through the development among public servants of a progressive mentality, based on professional competence, leadership, institutional loyalty and teamwork, could the public service carry out its important social mission (1965, p. 60-1). This echoed Alberto Guerreiro Ramos’s earlier characterization of Max Weber’s work as a “tool and instrument that can be used in the organization of society” 2 (1946, p. 129).

Unfortunately, what Americans refer to as bureaucratic public administration has typically been treated as a caricature and held up for abuse. This has especially been so from conservative politicians. Margaret Thatcher, on the eve of the Conservative Party’s 1979 general election victory, warned of “the slither and slide to the socialist state” (Thatcher 1979), while former US President Ronald Reagan argued in his 1981 inaugural address: “In this present crisis, government is not the solution to our problem; government is the problem” (Reagan 1981). This broader anti-government perspective is not restricted to the political right. Long-time leftist political activist Ralph Nader echoed Reagan’s anti-government dirge in a 2004 interview shortly after announcing his candidacy for President of the United States:

Washington is now a corporate-occupied territory. There’s a "For Sale" sign on almost every door of agencies and departments where these corporations dominate and they put their appointments in high office. (Nader 2004) 3

This bureaucracy bashing has been noted by many, with Goodsell (1983), Pizza, Jr. (1984), Lynn (2001), and Olsen (2005) especially noteworthy for having challenged this perspective.

Yet despite these criticisms, what Keinert refers to as the Traditional Bureaucratic approach (2007, pp. 96-7) was (and remains!) a reformist, even radical reformist movement. The common failure to recognize this may be because Woodrow Wilson’s now often smugly malignedit 1887 article was… well… published in 1887. This dismissive attitude 4 is unfortunate, as especially

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2 All translations from the Portuguese and French are by the author.
3 Nader repeated his 2004 claims in his equally quixotic 2008 tilt at the presidency. 2008 Democratic Presidential candidate John Edwards voiced similar sentiments, arguing that “special interests have seized control over Washington” (Edwards, 2007).
4 Lounsbury and Carberry (2005) similarly lament a tendency among organization theorists to denigrate the work of Max Weber.
contemporary American scholars have little experience of administration in the absence of modern bureaucracy.

Pre-bureaucratic administration

A defining characteristic of modern, bureaucratic public administration is best reflected by its radical reform from the pre-modern era: what Seibel has termed a shift from “the ‘rule of man’ (i.e., the monarchy)” (1996, p. 74) to the rule of law. The importance of the traditional bureaucratic paradigm is nicely illustrated by the recent Portuguese history of administrative reform. In a country that traces its administrative history back to the thirteenth century, modern administrative reform dates barely from the last few decades. The centuries prior to this saw a feudal regime in which first the church, and then the nobility challenged the absolute rule of the monarch (Opello 1985, p. 28-30). An administrative state emerged in the fifteenth century, but this remained very much a monarchy, morphing into a republic only in the early twentieth century (Ariquistain 1928, p. 42-4). Public policy continued to be dominated by the army, the church and landed elites (Wheeler 1970, p. 770).

Worse, a military dictatorship took power in 1926, resulting in the decades-long rule of António de Oliveira Salazar. Two years after this coup, a contemporary described the early phase of the regime as

… a reaction against the English and French type of parliamentary government. The doctrine behind this reaction is as old as the world: the doctrine of absolutism, of direct government, without restrictions or responsibilities before the law. Louis XIV formulated it more clearly than the innumerable philosophers who have tried to define it, when he said: “L’Ètat, c’est moi.” (Ariquistain 1928, p. 41-2)

When not actively repressing citizens (Wheeler 1970, p. 771-2), this state rarely served the public. The regime was characterized by statist capitalism (Bilhim 2000, p. 20). Sotiropoulos notes the “extended politicization of the higher civil service” (p. 408-11), and the lack of an administrative elite of “well-educated top civil servants sharing an spirit de corps and enjoying high social esteem” (p. 416). Grass roots patronage (p. 411-4) and legal formalism resulted in “a vast and inflexible legal framework” (p. 415; see also Felker 2003) dominated by a civil service that actively resisted change (Lampreia 1997). As Ariquistain put it “Bureaucracy – civil and military – is the cancer eating into the entrails of the nation; ninety percent of the State expenditure is swallowed up by unproductive and entirely unnecessary enterprises” (Ariquistain 1928, p. 53; see also Campos 2002, p. 172-82; Prime Minister’s Department (1968).

Coincidentally, the 1974 Portuguese Revolution that overthrew this pre-modern political culture is widely credited with starting the ‘third wave’ of democratization (Huntington 1991, p. 3-5). Still, despite a subsequent post-Communist wave of democratization, the current revolutions in the Arab world make it clear that the administrative problems long faced by the Portuguese are ongoing. Freedom House’s annual analyses of political and civil freedom around the world provide data going back to 1974, and show that the world is more democratic now than at any time during this period. Yet even the most recent, 2010 report indicates that only 46% of

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5 Perhaps best illustrated by Henrique da Gama Barros’s eleven volume (1945-54) History of Public Administration in Portugal in the 12th to 15th Centuries.
countries are classified by the organization as ‘free’, with 31% partly free and 24% ‘not free’ (Freedom House 2010).

That this sort of continued, pre-modern, personalistic dictatorship is bad is hardly a new insight. However it is hard to read contemporary criticisms of Wilson, Weber and Fayol, or populist political characterizations as ‘socialist’ of a modest health insurance reform using market mechanisms, and suspect that these critics have forgotten that pre-Revolutionary Portuguese administration is what Wilson’s ‘science of administration’ sought to replace. Indeed, writing about recent Portuguese experience, Juan Mozzicafreddo asserts that

Relative to the organization form of public administration, and despite the justifiable criticisms of the model and the functioning of bureaucracy, it is necessary to point out that at least in the Portuguese case, one of the reasons for its limited public responsibility and for the limitations in its efficiency and efficacy lie precisely in insufficient bureaucracy. The bureaucratic model of organization, in the sense postulated by the classics of the theory of organization – Weber, Fayol, Taylor and more recently, Mintzberg and Friedberg --, justly underline that, to limit the dysfunctionalities of an administration that is unprofessional and arbitrary, administration should conduct itself through [POSDCORB friendly reforms]… One of the reasons for the evident dysfunctionalities results from the non-observance of the so-called bureaucratic model of organization. (2001a, p. 14; see also Dray 1995, p. 134-8, and Mendes 2006)

This reflects a fundamental misunderstanding regarding the role of government, in that it can be seen in terms not just of quantity, but also of quality. Table 1, on the following page, provides data regarding this for the G-7 countries, the four ‘BRICs’, and two other countries referred to in this paper. A large state sector can only be good for society if that government is accountable and effective. In the absence of this, more reliance on individual choice mediated through market forces is appropriate. But even in this case, without adequate government to serve at least a minimal regulatory function (see Chevallier 2004), socially optimal results are unlikely. A large, unaccountable and ineffective state would be the worst of all possible worlds.

**Statism**

The parochial nature of especially American discussions of the role of the state is also reflected by evidence of the popularity of the state elsewhere. This has been reflected, for instance, in the Latinobarómetro polls. The most recent poll finds continued Latin American support for markets, with about half of respondents indicating that they agreed or strongly agreed that a market economy is “the best” for their country (Latinobarómetro 2010, p. 100-3). But this is not a call for a minimal state. At the same time, ‘government’ is more trusted than any other major institution other than the church and television. government approval continues to rise (p. 72-4), as does the belief in governmental efficacy in solving problems (pp. 72-4). More, the 2008 poll (p. 38), on the eve of a recession that has shattered confidence in the market, found strong majorities in Latin America who favoured leaving a vast array of functions “in the hands of the state,” including primary education (86%), health (85%), drinking water (83%), universities

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6 Trust in government was reported at 45%. Only the church (67%) and television (55%) scored higher, with the armed forces (45%), private companies (42%), municipal governments (40%), banks (44%), police (35%), the judiciary (32%), Congress (34%), and political parties (23%) the other institutions surveyed (2010, pp. 70-2).
(82%), pensions (82%), electrical services (80%), oil (80%), telephones (71%), and financing political parties (59%).

Table 1 – Some government indicators

<table>
<thead>
<tr>
<th>Country</th>
<th>HDI</th>
<th>Regulation</th>
<th>Gov’t size</th>
<th>Corruption</th>
<th>Gov’t effect</th>
<th>Inequality</th>
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<tr>
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<td>.962</td>
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<td>6.4</td>
<td>8.6</td>
<td>8.93</td>
<td>35.2</td>
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<tr>
<td>Canada</td>
<td>.961</td>
<td>7.8</td>
<td>6.4</td>
<td>8.7</td>
<td>9.17</td>
<td>32.6</td>
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<tr>
<td>France</td>
<td>.952</td>
<td>6.7</td>
<td>3.7</td>
<td>7.3</td>
<td>7.50</td>
<td>32.7</td>
</tr>
<tr>
<td>Germany</td>
<td>.935</td>
<td>6.2</td>
<td>5.7</td>
<td>7.8</td>
<td>8.57</td>
<td>28.3</td>
</tr>
<tr>
<td>Italy</td>
<td>.941</td>
<td>6.1</td>
<td>5.9</td>
<td>5.2</td>
<td>6.43</td>
<td>36.0</td>
</tr>
<tr>
<td>Japan</td>
<td>.953</td>
<td>7.0</td>
<td>6.2</td>
<td>7.5</td>
<td>7.86</td>
<td>24.9</td>
</tr>
<tr>
<td>Portugal</td>
<td>.897</td>
<td>6.2</td>
<td>5.7</td>
<td>6.5</td>
<td>8.21</td>
<td>38.5</td>
</tr>
<tr>
<td>Sweden</td>
<td>.956</td>
<td>7.0</td>
<td>4.2</td>
<td>9.3</td>
<td>10.0</td>
<td>25.0</td>
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<tr>
<td>United Kingdom</td>
<td>.946</td>
<td>7.9</td>
<td>6.7</td>
<td>8.4</td>
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</tr>
<tr>
<td>United States</td>
<td>.951</td>
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<td>7.6</td>
<td>7.2</td>
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<td>Brazil</td>
<td>.800</td>
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<tr>
<td>Russia</td>
<td>.802</td>
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<td>5.2</td>
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<td>3.21</td>
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<tr>
<td>India</td>
<td>.619</td>
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<td>7.7</td>
<td>3.5</td>
<td>8.21</td>
<td>36.8</td>
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<tr>
<td>China</td>
<td>.777</td>
<td>5.0</td>
<td>5.1</td>
<td>3.5</td>
<td>4.64</td>
<td>46.9</td>
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</tbody>
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Notes:
HDI: Human Development Index, from the UNDP’s Human Development Report. This is a 0-1 scale, with higher scores indicating more human development.
Regulation: Government regulation, from the Cato/Fraser Institutes. The 0-10 scale rates more economic freedom (less regulation) higher.
Government size: from the Cato/Fraser Institutes. The 0-10 scale rates more economic freedom (smaller government) higher.
Corruption: Transparency International’s Corruption Perceptions Index. The 0-10 scale rates less corruption higher.
Government effectiveness: from the Economist Intelligence Unit. The 0-10 scale rates less corruption higher.
Inequality: a Gini Index, this one reported in the UNDP’s Human Development Report.

Another perspective on the market/government dichotomy comes from France, long a paragon of the statist model, but where Nicolas Sarkozy, a conservative reformer, was recently elected Prime Minister on a strongly reformist agenda. Yet the reforms advocated by Sarkozy reflect not a market v. state contrast, but rather a desire for the full introduction of Gow’s Pragmatic Institutionalism. According to The Economist, candidate Sarkozy pledged to “end the ‘special regimes’ that pay generous pensions to certain parts of the public sector, including the rail, electricity and gas industries” (2007b, p. 15). The article continues later, arguing that Sarkozy’s “instincts are not at all those of a free-market Thatcherite. He displays too many of the traditional French predilections: a belief in a big role for the state, a partiality for (often state-owned) national champions, a mistrust of the benefits of unfettered competition” (p. 15). So those crowing over the demise of the statist approach should avoid using France as supporting evidence, as what Chevallier described as the state’s “deeply rooted tradition of interventionism” (1996, p. 67; see also Mercier 1985) is unlikely to be seriously challenged.

As indicated, Bureaucratic Public Administration has been caricatured, both by academics and by politicians. Within the US context some have declared the bureaucratic state ‘dead’ (see, for
instance, Desai and Snavely 2007). Similar hubris are widely evident. When Anglo-phones, especially, look at the statist model it is often crudely equated to worst-case straw men. As a good example, former US Federal Reserve Chairman Alan Greenspan wrote
“The alternative to individual property rights is collective ownership, which has failed time and time again to produce a civil and prosperous society. It did not work for Robert Owen’s optimistically named New Harmony in 1826, or for Lenin and Stalin’s communism, or for Mao’s Cultural Revolution. It is not working today in North Korea or Cuba.” (2007, p. 503-4)

These views are naïve in the extreme, equating, as did Greenspan above, all government with Soviet-style communism. Part of this confusion, or perhaps what makes statist approaches to human governance an easy target, is the existence of malign forms of statism that critics point to when seeking to discredit government. Two such are personalistic and developmentalist statism.

**Personalistic**

The central characteristic of personalistic public administration is one captured by individuals who turn the efforts of the state against the common (universal) good, and towards their personal benefit. Citizens rarely consent to this bargain, and so repression is often present. This personal benefit may take a variety of forms: for instance, the ideological gain of an autocrat like Fidel Castro or August Pinochet; the financial gain of a kleptocrat like Mobuto Sese Seko or Ferdinand Marcos; or similar personal gain by the inefficient, overpaid public sector workers, as Sarkozy sees his target in the French case. This latter point is worth re-emphasizing. The economic reforms carried out by Labo(u)r parties in Australia and New Zealand, for instance, had reining in government, both in terms of excessive size and insufficient efficiency, as central goals (McAllister and Vowles 1994, pp. 387-95; Schwartz 1994, pp. 339-44).

Writing similarly in the Brazilian context, Eli Diniz notes that a fundamental contradiction has existed between the formally strong, centralized state, the reality of a weak ability to implement policy (p. 17), and an equally weak system of public accountability (p. 179-83). This is reflected in Table 1, with a large state with a heavy regulatory footprint, a perhaps generous rating for government effectiveness, and very poor accountability. The result was often the ‘privatization’ of the bureaucratic apparatus by interest groups (p. 25). This capture of state agencies by their workers is an especially important form of personalistic administration. Luiz Carlos Bresser Pereira, President Fernando Henrique Cardoso’s Minister of Federal Administration and Reform of the State, defined the goals of the Cardoso administration reforms in part in terms of protecting government from capture by private interests (2007, p. 115), with public bureaucrats one of these private actors (pp. 89-101). As a result, ironically for advocates of the state as embodiment of the public will, a good portion of the reformist zeal in developing countries has focused on privatization and marketization. For Cardoso, the public sector had become so captured by private interests that selling off state assets – privatization -- could ironically be seen as de-privatization, through ensuring that government:
“...will be more permeable to the aspirations of society and less susceptible to be controlled by sectoral, private interests.” (Cardoso 1997, p. 7; see also 1998, p. 9)
Developmentalism

Perhaps the apogee of the big government, statist approach is what in the Portuguese language is termed desenvolvimentismo. Keinert’s study of paradigms of public administration in Brazil, for instance, identifies an estadocêntrica – state centric – approach as dominating Brazilian administration for much of the mid-twentieth century (2006, p. 76-82). With strong roots in administrative science (Keinert 1994, p. 43-4), culminating in the post-dictatorship military government of 1964 driven “by a developmentalist and statist spirit” (Keinert 2006, p. 166), desenvolvimentismo featured a strong, technobureaucratic (Bresser Pereira 1982, pp. 9-12) state ostensibly focused on national development.

The approach differs from personalistic administration in that the stated goal of government is development of the country, rather than the personal gain of government officials. While compelling in principal, drawing on popular yearnings for a strong, wise leader, in practice the approach has disappointed. While a handful of successful East Asian ‘Tigers’ have been offered as examples of successful state-driven development, experience has not been kind to the developmental state. Haque notes that most post-colonial societies inherited a well-developed bureaucracy focused on “surplus extraction” (1998, p. 293). On independence, these bureaucracies often became self-interested rent seekers (pp. 294-300). The most cogent criticisms of the approach may come from a Brazilian novelist and a Bangladeshi economist. Jorge Amado characterized the recent 1964-85 dictatorship as

Censorship, corruption, and violence were the tools of government; this must be recalled because there are some who may have forgotten it now. It was a time of ignominy and fear: The jails were overflowing, and there was torture and torturers, the lie of the ‘Brazilian miracle,’ pharaonic public projects, and graft. (1995, p. 105)

Amartya Sen’s target has been the assertion that some sort of anti-democratic, pro-strong leadership ‘Asian values’ exist that are distinct from ‘Western’ values of democracy and respect for (by definition individualistic) human rights. Sen’s stinging rejoinder:

The nature of Asian values has often been invoked in recent years to provide justification for authoritarian political arrangements in Asia. These justifications of authoritarianism have typically come not from independent historians but from the authorities themselves... (1999, p. 230-1)\(^7\)

Corporatism

Beyond the monolithic, government-led approach to governance reflected in desenvolvimentismo, corporatism provides a benign approach to state-led governance. Corporatism combines the big government dimension of statism with the multi-sectoral approach of participatory approaches, network theory, or what is currently known as governance. While European examples are often offered, Archibald’s discussion of the Québec context nicely

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\(^7\) Jreisat similarly notes “The apparent convergence in Western literature toward a view toward a view of modernity (commensurate with using science and technology to control the physical and social environment) also presupposed the unfolding of these views within a liberal democratic state” (2002, p. 107). Jreisat accepts this view, but only through a non-deterministic process of local adaptation of what works. Brazilian Alberto Guerreiro Ramos argued similarly. Accepting the “ecumenical and universal” (1967, 40) fact of modernity, he argued for the “critical assimilation of the foreign sociological patrimony” (1965, 14–15, see also 1956).
illustrates the paradigm. In Québec, corporatism was characterized by a state-centric nationalism (1983, p. 16-17). Faced with an economy controlled by English interests, Québécois corporatism became a means for reasserting French control over the province, or, in the well-used phrase: to be “Maître chez-nous” (p. 88-92). For Québec nationalists, corporatism became “…une correction de la société de l’époque qui est victime du chaos et de l’absolutisme corrosif du libéralisme économique” (p. 88) “Les Canadiens français sont les sujets d’un capitalisme mal dirigé, ou encore contrôlé de l’extérieur. Leur condition miserable est donc due à deux choses: ce peu d’ordre dans le monde économique et le peu de contrôle qu’ils ont sur les institutions économiques en place” (p. 89).

Key to corporatism, and where the approach differs from other contemporary ‘governance’ approaches to public administration, is the use of cooperative relationships with other social actors as a means to take conflict off of the streets. Instead, policy deliberation between government, business and labour elites seeks to resolve differences in less costly fashion. While the principle of mediation implies government sharing of authority, Chevallier suggests that much of the modern theory of governance can enhance the power of the state, not limit it (p. 28).

Chevallier meant this to apply within democratic countries like his native France. It is also worth bearing in mind that these corporatist arrangements can be benign or malign, depending largely on the degree of democracy (or freedom of the civil society v. the state). The corporatist structures of Getúlio Vargas’s mid-20th century Novo Estado in Brazil, for instance, featured a power imbalance in favour of the state, maintained by a personalistic, developmentalist dictatorship in which Vargas’s was the last word on the approach to be taken to development (Lowenstein 1942). On the other hand post-Saltsjöbaden Sweden was implemented within a highly democratic system with a high degree of political rights and autonomy of the labour and business partners of the state (Lindbeck 1997).

Social democratic

It is, though, social democracy that provides a viable alternative to ‘Anglo-Saxon capitalism’. As indicated, in the United States statism is often equated with the autarchy and inefficient central planning of the Soviet model. Esping-Andersen provides a classic discussion of social democracy. For the purpose of this discussion, the key characteristic of social democracy is its state-centric approach to solving social problems. The approach is contrary to the economic assumption of the necessity of “the competitive market…to produce an optimal or efficient allocation of the factors of production and to reward each factor according to the value of its marginal product” (Korpi 1985, p. 97). Gagnon and Lachapelle similarly identify social democracy as a defining element of the nationalist movement in Québec (1996, p. 181-5).

With relevance to American criticisms, it is worth noting that a range of countries in Europe have relatively large state sectors (indeed, among the largest in the world), without experiencing economic decline or what former US Treasury Secretary William Simon once referred to as “the cloven hoof of the police state” (1978, p. 36) of Sweden’s social democracy. Indeed, by all objective measures of democratization and political freedom, the social democratic states score as well, if not better, than the United States. This is reflected in Table 1, presented above:
looking at this data, overwhelmingly provided by conservative thinktanks, the case for the superiority of the American model cannot be made. As Bresser Pereira put it:

If the quality of a political regime – or of a democratic governance – is to be measured by the extent to which it provides the four basic political goods valued by modern societies – social order, freedom, social justice, and well-being – there is little doubt that the more advanced European social-democratic societies have today political regimes preferable to the American one. (2007, pp. 60-1)

This discussion is not meant to imply that public bureaucracy is perfect, indeed even Walter Bagehot early recognized the risk of bureaucratic capture (Spann 1967, p. 315-6). As well, both of what Bresser Pereira refers to as the Anglo-Saxon model of capitalism, “the one in which the state has the smallest role in complementing the market in the coordination of the economy” (2007, p. 63), and the European Social Model “characterized by a more active state complementing and regulating markets, and by an extensive guarantee of social rights” (ibid) have experienced problems. On the minimal state side: the United States may have barely escaped an economic collapse in 2008, during a period of nearly thirty years of smaller government and steady deregulation, of Republican control of Congress for a majority of the 12 years from 1994 to 2006, of Republican Presidents in 20 of the previous 28 years, and with the eight Democratic years featuring a President who famously declared: “the era of big government is over” (Clinton 1996). Similarly on the maximum state side: Sweden’s perhaps paradigmatic corporatist social democracy also entered a period of rethinking the size and extent of government activity (Lindbeck 1997, pp. 1312-15), resulting initially in internal reforms by the Social Democrat authors of the welfare state, but then electoral defeat and nearly a decade of rule by a Centre-Right coalition (see also Bresser Pereira 2007, pp. 67-77).

**An empirical case**

As indicated, the United States has one of the smallest, least regulatory governments in the rich world. Rather than facing the threat of an imminent socialist takeover, the country remains far out on the economic liberal wing of the global distribution of governing systems. Surprisingly, given the literally apocalyptic characterization of government in the United States (and Florida8), a strong empirical case can be made for the importance of government.

A first cut at this can be gleaned from a simple scatterplot looking at the relationship between Economic Freedom9 and the Human Development Index: a combination of health, education and income, and so widely believed to be a better indicator of a successful society than just average

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8 In his first inaugural State of the State address, Governor Scott (2000) refers to “a strangling web of regulations,” “government… starving the private sector or destroying jobs.” Expenditures had so exceeded revenues that government had grown “beyond its ability to pay,” and so the Governor’s first budget proposed $2b in revenue cuts.

9 This is a composite indicator produced by the Cato and Fraser Institutes’ annual *Economic Freedom of the World* report. The index includes the government regulation and size of government indicators in Table 1, as well as others.
income per person. This is illustrated in the figure below.

As can be seen, the relationship is a strong one, trending up and to the right: the more economic freedom, the higher the combined income, education and health indicators. I'll also copy in below correlation data for this relationship, adding as well two other variables: the government regulation data from Table 1, and a measure of government effectiveness: The Economist Intelligence Unit’s ‘Functioning of Government’ component of its democratization index, also included in Table 1. The results are presented below.

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<td>.000</td>
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<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>138</td>
<td>138</td>
<td>160</td>
</tr>
</tbody>
</table>

As suggested in Figure 2, less government regulation (as indicated: the Cato/Fraser data scores countries in terms of economic freedom, with higher scores indicating more freedom, or less
government regulation) is also correlated with better human development, as is the effectiveness of government.

So far, so good for the anti-government *jihadis*: less government = better development outcomes.

Note, though, the 'hook' at the upper right hand part of the scatterplot in Figure 2: above an economic freedom score of 8.0. At a glance, it appears that above an economic freedom score of about 8.0 human development *decreases*. The next two graphics help tease that out a bit.

![Figure 4 -- Economic freedom and human development, most 'free' countries](image)

This reproduces the scatterplot in Figure 2, restricting the sample to the countries with economic freedom scores of over 8.0 (n = 7). Here, note that more economic freedom (or less government) results in *less* human development. There is, this data would seem to suggest, a point at which deregulation becomes counter-productive. Correlation analysis confirms the relationship, with a strong, statistically significant, inverse correlation (Pearson r = -.809; p = .028).10 Among this same sample, the relationship between Human Development and Government Regulation also reverses direction, with a moderately strong but very weakly significant negative relationship.

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10 Similar results are produced when using the nine OECD countries with economic freedom scores of greater than 7.7 (Pearson r = -.654; p = .056).
(Pearson r = -.587; p = .166), with human development among these most economically free countries. This reverse in direction is not the case for the EIU Functioning of Government, which still shows a moderately strong, positive relationship with human development (Pearson r = .668; p = .101). In short: too much economic freedom, and too little government, will eventually reverse human development; while a country can never have too much better government.

Finally, without pasting the results of the following analyses in here; as indicated in Table 3, the relationship between economic freedom (freedom from government overall), freedom from economic regulation specifically, and the presence of effective government is strong worldwide. As we have seen, at the very upper end of the economic freedom distribution, that relationship reverses: the turn downward at the upper right of the distribution in Figure 2, and enlarged in Figure 4. Repeating the exercise for economic regulation shows no downward turn at the top of the distribution, but the relationship ceases to rise: again, at some point (at just under a score of 7.5 for government regulation, which includes about the 20 least regulated societies in the world) more deregulation does not contribute to higher human development. When including countries with economic freedom from regulation scores of 7.0 and higher, a moderate/weak, positive (Pearson r = .303; p = .133) relationship returns. Functioning of government, though, continues to yield higher results even at high levels. The 23 countries with scores above 8.0 have a moderate/high, positive relationship (Pearson r = .540; p = .008). Even the fifteen countries with scores higher that 8.5 retain a weak, positive relationship (Pearson r = .369; p = .176).

Still, while among well governed countries too much economic freedom (and too little government) is not a good thing; in global comparative terms, given the reality of often inefficient government, less is better. Keep in mind that this is a multi-dimensional reality, well summed up in the following two quotes. The first is from the World Bank:

An effective state is vital for the provision of the goods and services -- and the rules and institutions -- that allow markets to flourish and people to lead healthier, happier lives. Without it, sustainable development, both economic and social, is impossible. -- World Development Report 1997, p. 1

Keep in mind that the World Bank is widely (and unfairly) derided by lefties as a tool of the capitalist class, and is generally skeptical of government. So for an organization like this to assert the importance of government is especially telling. As for the 'sustainable development is impossible without government' proviso at the end of the statement above:

Nothing is more damaging to successful development than incompetent, irresponsible and corrupt government... -- John Kenneth Galbraith (1994), A Journey Through Economic Time.

Keep in mind, too, that Galbraith is widely (and unfairly) derided by conservatives as some sort of communist, and is generally supportive of government. So for someone like him to assert the potentially debilitating nature of government is especially telling. So for an organization widely regarded as anti-government to assert the importance of good government; and for an economist widely regarded as pro-government to assert the harm done by bad government, nicely sums up this relationship.
Post liberal bureaucracy: the social liberal state?

The Brazilian example provides an excellent illustration of the limits of both statism and of neo-liberalism. In the past few decades Brazil has struggled through an economic crisis that has often been dated from the exogenous shock of the oil price hikes of the 1970s. As in much of Latin America, the parameters of political discourse had been “limited by the crippling external and internal debts, galloping inflation, high unemployment, and other problems” (Chilcote 1990, 17). Inflation, which had existed at lower levels for some time, was to grow out of control, with a 1986 cruzeiro being equivalent to about a million by 1991. While middle class Brazilians had grown accustomed to coping with high inflation rates, and had achieved impressive growth rates despite these, hyperinflation caused a deep economic slump, with real GDP per capita decreasing by about ten per cent from 1986 to 1991. The reasons for this galloping inflation were widely attributed to a number of factors. The rapid growth in government expenditures was of central importance, and a large component of this was the linking of pensions and public sector wages to inflation. At the same time, revenues lagged, due in part to a weak tax collection system, with numerous loopholes for interest groups and weak enforcement. Revenues also declined as a result of economic sclerosis, as Brazilian industry grew increasingly inefficient in world markets, long protected behind tariff walls built by the import substitution industrialization policies of economic nationalists, and weakened by a poor technological base within the country. As a result, the government financed its budget deficits by printing money, leading to hyper-inflation (Rowher 1991 provides a concise, comprehensive discussion of these issues; see also Almeida 1996, Cardoso 2006, especially pp. 445-98).

The government credited with eventually addressing these problems was that of President Fernando Henrique Cardoso. Having already been credited with taming inflation as the country’s Finance Minister, as President the internationally-known sociologist, generally associated with neo-Marxist dependency theory, adopted pragmatic, market-friendly reforms. The wage indexation-driven component of inflation was very resistant to change by those groups which benefitted from it. These included, especially, pensioners, public sector employees, and a wide range of formal sector workers to whom indexation also applied. Cardoso had suggested this much earlier, pointing to the way in which ISI policies created interests dependent on this and so resistant to change (Cardoso and Faletto 1979, 175); and the way in which the state had become a mechanism by which public service elites and the beneficiaries of state regulation and controls protected their interests. As a result, opposition to serious structural reform -- ending indexation, cutting waste and inefficiency, improving tax collection -- is typically framed by traditional Marxists in class terms, as the 'working class' seeking to protect its livelihood.

However, as Cardoso the sociologist was well aware, the group which suffers most from inflation in Brazil is the very poor. These typically hold assets in cash, rather than placing their money in indexed bank accounts. Further, their uncertain incomes are not indexed to inflation. Given the weak links between the formal labor movement and these informal sector/rural poor (Chilcote 1973, 155-60; Roett 1999, 75-87; Delgado 1996, 93-7), São Paulo factory workers, government bureaucrats, or striking oil workers opposed to reform were not an underprivileged

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11 In Brazil, middle class refers to perhaps the richest 20% of the population, though two decades of rapid, equitable economic growth has seen this group expand dramatically.
12 His Master’s thesis was on race and social mobility in the southern city of Florianopolis.
proletariat trying to retain their modest livelihoods in the face of a *comprador* government’s rapaciousness. Rather, they were a relatively privileged elite trying to maintain their fortunate existence despite the effect of inflation on the real poor in the country. Cardoso stated this explicitly in an interview in which he links the Brazilian left to the state, and argues that, paradoxically, the left’s
...line of action has conservative elements that manifest themselves more clearly in an attitude of open reaction against any reform leading to the reduction of the size of the state or its presence in the economy. The left does not take into account that those reforms are needed and supported by the vast majority of the Brazilian people. (quoted in Hoge 1995, 64)

So the focus of the Cardoso government was much like that planned by the recently elected Governor of Florida: seriously rethinking the role of government and attacking unreasonable privileges of public sector workers. Two major differences between Brazil and Florida are evident, though. The first is that Brazil has long had a relatively large government for a country at its stage of development, with a heavy regulatory footprint. Florida, on the other hand, has a relatively small government with a relatively light regulatory footprint, in a country that is one of the least governed, and least regulated in the rich world.

The second major difference between the Florida of Governor Rick Scott and the Brazil of Fernando Henrique Cardoso is that Cardoso sought to cut government waste, of which Brazil had ample amounts, while investing massively in education and social programs for the poor. In Florida, on the other hand, even the impeccably conservative *Economist* newsmagazine recently opined that the Governor’s proposed budget:
…would cut education spending by $3 billion in a state that already ranks near the bottom in spending per head on education and has a high-school graduation rate well below the national average. It would lay off thousands of state workers, when Florida already has the fewest state employees per head of any state and an unemployment rate that, as of January, was 2.9 points above the national average. And it provides roughly $2 billion in tax cuts in a state that already levies no personal income tax. (2011b, p. 23)

Taking a step back from the comparison above, with its inconsistent time frames and state v. federal focus, a better comparison would be between Brazil and the United States in the 2000s. Conservative US President GW Bush brought in the sort of tax cuts advocated by Rick Scott, while *Partido Trabalhista* (literally translated: Worker’s Party, a broad leftist coalition with strong socialist elements) President Luiz Inácio da Silva continued Cardoso’s policies, save perhaps for an even greater emphasis on social spending. Brazil, again, outperformed the US: gaining recognition as a prominent emerging economy, with strong growth, healthy finances, and perhaps more important for this country that has long been among the most unequal in the developing world: inequality moved down sharply (*Economist* 2009).

In the United States almost the reverse occurred: tax cuts, as a sort of perpetual Keynesian stimulus meant to ensure continued economic growth, were offered again as recently as 2008 in President Bush’s State of the Union message:
As we meet tonight, our economy is undergoing a period of uncertainty. America has added jobs for a record 52 straight months, but jobs are now growing at a slower pace.
Wages are up, but so are prices for food and gas. Exports are rising, but the housing market has declined. At kitchen tables across our country, there is a concern about our economic future. In the long run, Americans can be confident about our economic growth. But in the short run, we can all see that that growth is slowing. So last week, my administration reached agreement with Speaker Pelosi and Republican Leader Boehner on a robust growth package that includes tax relief for individuals and families and incentives for business investment. (Bush 2008)

Instead, the US economy slid into its worst recession in 70 years, giving the Bush administration the worst growth figures in fifty years, trillions in additional debt, and rising inequality, especially important for this country that has long been among the most unequal in the rich world (Economist 2011a).

Bresser Periera has referred to Brazil’s pragmatic melding of the best of markets and government as the social liberal state:

The central difference between a social-democratic and a social-liberal state lies in the fact that the social-liberal state, although acknowledging the importance of the state, relies heavily on markets or on competition. The social-liberal state is a market-oriented state: it ‘believes’ in competition—which is not viewed as contrary to cooperation – while the social-democratic state counts more on cooperation and planning than on competition…The social-liberal approach believes in markets for resource allocation, but it does not accept the existence of a self-regulating market, defined according to the neoclassical general equilibrium theory and ideology: free markets alone do not guarantee either economic development or social justice. (2007, p. 112)

And so?

Where does that leave us? Table 5, on the following page, can help a bit with this.

A first key point is that there is no one path to 'the good life'. For all the casual abuse that so many of we Americans like to shower on our friends and allies the Dutch, Germans, French, etc., and especially Canadians, these countries have achieved levels of success comparable to ours, and all have done this with considerably more government regulation and government involvement. The same holds in reverse: for all the contempt that so many on the left hold for markets, the United States has achieved an extraordinary record of aggregate success.

This is evident in the Total Government Expenditure column in Table 5, which shows the US, again, with a relatively small government in global comparative terms. This is also evident in the General Government Final Consumption column, where the US is the smallest of the large economies. To reconcile the two columns: much of this government expenditure is transferred to others for final decision regarding what to purchase (see Ip 2010, p. 37). The United States is also relatively stingy in terms of Social Benefit spending. Where America’s largely market-driven economy is especially evident is in the Household Final Consumption column: individual US consumers make decisions regarding the spending of 70 cents on the dollar in the US, higher

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13 Brazil, Russia, China and India are not members of the OECD, and so are not included in this table.
by far than any other country in the table. It is also worth noting, with reference to ongoing debates about the Obama administration modest, market-friendly health reforms, that all of these other wealthy countries provide at least a national health insurance plan. Coverage is universal, the cost of health care far below US levels, aggregate health outcomes are better, economic growth has been comparable to that of the US, budget balances generally also better than those of the US.

Put simply: many of these other countries have far more government than is the case in the US. Contrary to fears of some Americans that this results in an inevitable loss of freedoms, this is not the case. This is certainly evident in Freedom House’s annual scores of civil and political freedom around the world, in which the seven G-7 countries have been given Freedom House’s highest score for freedom for decades. Given the higher levels of inequality in the United States: in terms of Amartya Sen’s emphasis on capabilities, to the extent that inequality denies opportunities to Americans not of the over-privileged classes (Sen 2009, pp. 231-309), most of these countries are freer on this dimension than the US is.

A second key point is that despite all the furor over the alleged socialist tendencies of any country that seeks to ‘promote the general welfare’ in part by ‘doing unto the least among them’\(^\text{14}\) through high social benefit spending, all of the wealthy countries remain capitalist. In addition to the consumption data shown in Table 5 (private decisions account for the overwhelming percentage of demand, even in Sweden government only accounts for barely a quarter), ownership of the means of production remains overwhelmingly in private hands, and direct government ownership of ‘the means of production’ is lower now than 40 years ago, in probably every rich country in the world, as well as 90% of the rest.

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\(^{14}\) Two policy goals advocated in Mathew 25:40, and the Preamble (and Article 1, Section 8) of the U.S. Constitution, for those who take these two documents as at least partial guides for their policy preferences.

### Table 5 -- More government indicators (% GDP)

<table>
<thead>
<tr>
<th></th>
<th>Household</th>
<th>General government</th>
<th>Total government expenditure</th>
<th>Social benefits and transfers</th>
<th>Freedom House rating</th>
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</thead>
<tbody>
<tr>
<td>Australia</td>
<td>54.2</td>
<td>17.6</td>
<td>34.1</td>
<td>18.2</td>
<td>1</td>
</tr>
<tr>
<td>Canada</td>
<td>55.7</td>
<td>19.7</td>
<td>39.1</td>
<td>21.7</td>
<td>1</td>
</tr>
<tr>
<td>France</td>
<td>57.1</td>
<td>23.2</td>
<td>52.3</td>
<td>32.7</td>
<td>1</td>
</tr>
<tr>
<td>Germany</td>
<td>56.5</td>
<td>18.1</td>
<td>43.7</td>
<td>27.6</td>
<td>1</td>
</tr>
<tr>
<td>Italy</td>
<td>59.1</td>
<td>20.2</td>
<td>48.7</td>
<td>29.7</td>
<td>1</td>
</tr>
<tr>
<td>Japan</td>
<td>57.8</td>
<td>18.5</td>
<td>36.0</td>
<td>21.6</td>
<td>1</td>
</tr>
<tr>
<td>Sweden</td>
<td>46.5</td>
<td>26.4</td>
<td>53.1</td>
<td>34.4</td>
<td>1</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>64.4</td>
<td>21.9</td>
<td>47.5</td>
<td>26.6</td>
<td>1</td>
</tr>
<tr>
<td>United States</td>
<td>70.5</td>
<td>16.7</td>
<td>38.8</td>
<td>18.5</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: OECD Statistics Portal
This is probably a good thin. The Swedes have pragmatically considered elements of the US model, which works about as well for the US as does the Swedish model in terms of overall outcomes; and the US might pragmatically consider adopting elements of the Swedish model, which works about as well for them as does the US model in terms of overall outcomes. Rather than pragmatism, it is dogmatism that prevents rational socio-economic policymaking.

References


Prime Minister’s Department (1968). *Principles and Directives of the Administrative Reform in Portugal*. Lisbon: Secretariat for Administrative Reform.


