

BOOK REVIEW

David A. Good

The Politics of Public Management: The HRDC Audit of Grants and Contributions
Toronto: IPAC / University of Toronto Press, 2003

Charles Heckscher, Michael Maccoby, Rafael Ramírez and Pierre-Eric Tixier
Agents of Change: Crossing the Post-Industrial Divide
Oxford: Oxford University Press, 2003

Reviewed by Howard A. Doughty

We are a species of storytellers. We tell stories in many different ways. In ancient legends from *Gilgamesh* to the *Odyssey* to the *Pentateuch*, we set down our pre-literate lore. In proverbs, aphorisms and epigrams, we condense our wisdom. We write poems, romances and detective novels. We write historical romances and “how-to” books that explain how to find love, quit booze, get a better job or fix up an old car. When threatened, we growl ominously, whimper pathetically or compose legal defence briefs. Sometimes, especially when we are ambitiously seeking the truth, we try science.

Despite some interesting ethical ambiguities associated with recent scientific discoveries, I generally prefer stories that use what is called the “scientific method” in their pursuit of knowledge. They are ordinarily preferable to those that rely on folklore, superstition and anecdotal evidence in the search for truth. True, other kinds of stories can amuse, excite and inspire. They can also serve as remarkable reservoirs of data for those interested in exploring matters of consciousness and ideology. As actual contributions to learning, however, they commonly lack reliability and empirical validity.

For this reason, I have always distrusted “case studies.” They are to the study of public administration what biographies or worse-memoirs are to the study of history. Not only are they suspect because their authors usually have transparent motives (customarily self-promotion or self-defence), they also attempt to persuade us that they have something of general importance to say about a singularity. Thus, dashing tales of distinguished diplomats may top the best-seller lists of what claim to be non-fiction. Hagiographic recitations of the marketing plans of courageous corporate captains may get published in the *Harvard Business Review*. Even popular enquiries into the depravity of overpaid stock marketers, dishonest accountants and evil entrepreneurs of all sorts titillate the victims of these villains and prompt CNN to count the number of days since the collapse of Enron and to tally the few felons who have been properly put away. These are all quite entertaining, but they rarely say much of genuine concern to academics, practitioners, and the attentive public.

The reason is simple. Science—even social science—depends upon repetition. It seeks out patterns. It relies on replication. The unique, the individual, the distinctive person or event is normally of only allegorical interest. Case studies dwell on subjective experience

not as data but as the explanation of data. They trade in gossip. They can tell us little of theoretical interest.

This absence of theoretical relevance is, of course, the essence of their charm. The quirky, the querulous, the dashing and the damned all delight us as diversions, but they are poor guides to understanding. Indeed, they can be extremely misleading. Fixating on the peculiar, such dossiers tend to lead away from the intellectual quest for comprehension and toward the celebration of particular personalities which are unaccountably held to account for the success or failure of major projects that cannot reasonably be explained by probing into individual psychology. Rather than connecting discrete data to hypotheses, theories and (we sometimes imagine) laws of human behaviour, they encourage only the narcissism of individualists in raw pursuit of possessions. As a result, they reify chiefs and champions and marginalize structural patterns of influence and ideology, behaviour and belief. They are the stuff of the Whig interpretation of history. Management gurus love them. They are the meat and potatoes of motivational speakers. They cater to celebrity. They do no serious good.

As an unrepentant and unreconstructed empiricist, holding firm to this methodological approach and theoretical disposition, it is humbling to admit that I found much of value in the two books here under review. Both are by men of achievement. The authors are well known in their fields, and they are all classical hybrids. David A. Good passed thirty years in the Canadian public service before satisfying a career-long desire to turn his hand to academia. The four contributors to *Agents of Change*, on the other hand, are mainly professors, but all have extensive experience as consultants and researchers in the private and public sectors. The names of the organizations that are the subjects of their studies are, alone, enough to impress even the most resolutely sceptical observer.

More important, the tales they tell are not merely engaging, for they come remarkably close to providing authentic evidence that could be of immense use to others-not quite scientific evidence exactly-but fascinating information and insights nonetheless.

David Good's story is especially telling. It provides an insider's intimate look at events that captured the attention of the political classes and the Canadian citizenry at the turn of the millennium. Human Resource Development Canada (HRDC) is a Canadian federal government ministry with an extraordinary range of responsibilities and a budget to match. It was created in 1993 to oversee and provide financial support for labour market training programs, youth programs, aboriginal training programs, social development programs and the like. Its task was to facilitate improvements in everything from pensions to pre-school programs in the overall effort to enhance the lives of Canadian citizens (now lamentably called "human resources" but worthy of attention in spite of that crude utilitarian label). Therefore, its size and complexity was daunting from the outset. Its crucial 1998-99 expenditures of almost \$60 billion (over 50% of the federal government's total expenditures) were enormous.

Of necessity, Jane Stewart-the cabinet minister in charge of HRDC-was a potential target for any opposition party interested in embarrassing the government. In the year 2000, the

opposition found their opportunity. Right-wing websites and pressure groups, with the enthusiastic support of the Canadian Alliance party and, to a lesser extent, the Bloc Québécois, unleashed a relentless attack on the government for alleged incompetence and base corruption in the awarding of grants to Canadians with the skill, the ability and, some said, the inside influence, to win government support for any number of projects, whimsical, worthwhile or simply witless.

On February 14, 2000, Mario deSantis posted the following attack, notable both for its sense of sin and its syntax: “the HRDC is a corrupted department, where our governmental politicians in concert with the bureaucracy have put for sale democracy to the highest bidder, and in so doing have cheated our taxpayers at large, they have broken current laws and regulations for the granting of funds to create jobs, and they could have committed potential criminal acts as well.”¹

As well, the anti-feminist lobby group, REAL Women insisted that: “the federal Liberal government has always taken pride in its supposed talent for managing the taxpayers' monies. This pride has taken quite a beating recently. The mess created by Human Resources Development Canada (HRDC) and the \$1 billion it ‘lost,’ is an obvious example. At the time of writing, there are now 9 ongoing RCMP investigations into job grants by the HRDC-four of which are taking place in PM Chrétien's own riding, which has received more grant money from the HRDC than the province of Alberta.”²

Finally, the Canadian Taxpayers Federation awarded its annual “prize” for the “federal public office holder, civil servant, or agency, that most exemplifies government waste, overspending, over-taxation, excessive regulation, lack of accountability, or any combination of the five” to HRDC “for the \$1 billion job grants scandal.”

The bulk of the criticism related to allegations of slipshod bureaucratic practices that allowed “millions of dollars to be paid out with little idea of where it went or whether the project was valid in the first place.” They also included charges that “much of the money [was] funnelled toward Liberal ridings”³

At the bureaucratic centre of the so-called HRDC “scandal” was David A. Good. Assistant Deputy Minister for the Human Resources Investment Branch of HRDC, he was largely responsible for grants and contributions at the time of the audit scandal. Now an adjunct professor at the University of Victoria, he has written a case study that focuses on the 33-page internal audit of the HRDC that was released to the public on 19 January, 2000, and that led to a furious press and political response to what was described as anything from a farcical administrative foul-up to a venal political “boondoggle.” What Good has produced, however, is no mere special pleading in defence of himself, his ministry or his Minister. Instead, his book is a thoughtful explication of issues related not only to the specific problems in HRDC but to the entire process of public administration in Canada.

It is true that he explains how and why the HRDC problem arose, and how it was mishandled by both elected and appointed officials. His graphic description and

explanation of problems in “crisis management” at HRDC alone make the book worth reading. Its enduring value, however, is found in the fact that he goes well beyond an analysis of a specific set of problems.

David Good has a clear grasp of the historical and contemporary context in which the Canadian public service operates. He has important things to say about its relationship to Parliament, the media and the citizens of Canada. His explication of the role of the media in defining what is and what is not news, of fixing public perceptions and of influencing the political agenda in Parliament is especially incisive. Even more important, he has wise things to say about public service reform, the “new public management” and the place of the public service in Canada’s political culture.

He sets his comments about the policies and practices of HRDC in the context of a discussion of public service reform that is inclined toward adapting a business model of organizational authority and efficiency, but his main interest is less in sorting out earlier troubles than in finding new solutions. Assessing the nuances between internal and external audits (a significant and consequential set of differences in this case) may not come easily to a bureaucratic outsider, but Good’s effortless prose and his absence of administrative argot makes his argument easily accessible. His summary of the “Canadian model” of public service reform is refreshingly clear of both the terminologically impenetrable and the doctrinaire qualities that often attend discussions of weighty topics such as the management of government programs. In contrasting Canada’s approach to the alternative available approaches of “politicization, privatization, and performance measurement” now in place in what I hope to be forgiven for calling the new public management’s “coalition of the willing” (including the US, the UK and Australia), he gives a measure of hope that it will be possible to work toward a reformed civil service that is “well-performing, professional and non-partisan.”

His strategy depends upon opening up the lines of communication and closing down unnecessary points of conflict and stress. As befits a situation that has been burdened with partisanship and self-promotion, Good sees benefit in dialogue and open discussion. Though more pragmatic than those who seek redress of grievances in “speaking truth to power,” Good insists on using only slightly more modest kinds of speech. He urges public servants, among other things, to:

- speak administrative truth to political power;
- speak administrative contradictions to politicians and administrators;
- speak public administrative reality to parliamentary power; and, notably,
- speak to public service values and ethics.

A more vigorous defence of his department, we are led to believe, might have led to more responsible criticisms and not the media frenzy and irresponsible opposition assaults that made HRDC the focus of Ottawa attention for almost a year. More sedate and seasoned observers such as Hugh Winsor of the *Globe and Mail* cautioned reporters and opposition MPs alike to remain dispassionate, but calm and detached stories were not for telling.

Bloodlust was in the air (or was wherever bloodlust is to be sensed) and appeal to reason was not to be heard at the time.

In due course, Leslie Pal, editor of Carleton University's annual review of federal finances, *How Canada Spends*, judged that the fiscal year 2000-2001 had been a good one for the government. "After years of deliberate downsizing and withdrawal," he observed, "Ottawa now is flush with financial surpluses." There remained, however, "policy problems" such as the "grants scandal" at HRDC which had made the government performance "imperfect."⁴ At the time, it seemed something of an understatement. Of course, David A. Good's analysis and recommendations won't make any future government's record perfect either, but they ought to promote the kind of discussion that will make matters more civil, even under stress.

Agents of Change addresses different issues in different ways than those offered by David Good. The results, however, are considerably broader, just as remarkable and equally useful. The authors report on their respective efforts to promote "post-industrial relations." Each deals with his experience with a large company attempting to break out of the impasse of what they call the "neo-corporatist order." In the past, they argue, neo-corporatist compromises between management and labour were possible in a setting in which management valued loyalty and stability. Reliable workers and predictable markets made it possible to guarantee employee security for loyalty to the firm, producing a win-win situation for owners and workers.

The new economy, however, has largely destroyed that area of shared values where mutually beneficial deals were possible. Now, management is unwilling to make tradeoffs. The grim assessment is that "the cold eye of global financial markets ... and the revolutionary values of entrepreneurial individualism" combine to negate management's willingness to "construct stable agreements. As the neo-corporatist compromise breaks down, the danger of unmanageable conflict grows." While corporate leaders (especially in the US) may cheer the decline in trade union membership, far preferring a transient labour force of part-time, short-term employees whose wages and benefits can be kept artificially low, "the constant revolutionizing of production" (to use Marx's old phrase) may lead to a situation in which there are "practically no grounds for agreement or a stabilizing framework" and so we will find ourselves "spiraling toward greater conflict rather than reconciliation."

The aim of the authors is to point the way toward a more inclusive "stakeholder regime." They say: "When stakeholder regimes work they contribute simultaneously to business success, to economic productivity, and to other societal values represented through the democratic process. The breakdown of the regime," they continue, "threatens to produce a lose-lose cycle in which all of these are undermined." At issue is the creation of an approach to globalization that minimizes the volatility of a new set of conflicts and a reconfiguration of power relationships. Each case study involves a situation of uncertainty and changing relations with government, markets and, of course, employees. Each tries to assess the problems and promise of organizational relations in a post-industrial age.

Michael Maccoby's work was with AT&T. In a thirteen-year relationship, he was instrumental in assisting what was once the world's largest company through the trauma of forced divestiture and into an entirely new corporate phase as AT&T shifted from elementary telephone service into high-tech cable and wireless transmissions. Early successes were nullified when new management took control, resisted further efforts to promote co-operation and sent joint efforts "into the deep freeze."

At Lucent, an ATT spin-off, Charles Heckscher attempted to facilitate union-management co-operation and to promote union participation in corporate decision making, a process that was made difficult by the company's decision to respond to a changing market place by outsourcing its manufacturing sector.

Rafael Ramírez gives an account of the accomplishments that he and Richard Normann made at Ferrovie dello Stato (FS), the Italian railway, as it negotiated the precarious path into deregulation and attempted to "rethink the business logic, to implement a new logic organizationally and inter-organizationally, and to share this understanding with key stakeholders."

Finally, there is Pierre-Eric Tixier's experience working with Electricité de France (EDF), an electrical utility owned by the French government which is the largest corporation of its kind in the world. EDF's current tensions are partly the result of losing its monopoly position and facing market competition, and partly the consequence of internationalization as it acquires utilities elsewhere in Europe. Its immediate problems arise from its less than cordial relationship with its most important (and historically communist) union.

Despite obvious differences, the authors insist that there are common threads including the need to address both relational and strategic issues as part of the problem-solving process. All four cases also deal with a common problem, namely "how to face increasingly competitive, more international, markets by becoming more responsive to customers and more disciplined about costs in light of tighter fiscal policy, enhanced transparency, and demand for greater accountability."

The diverse responses to these circumstances reflect a variety of choices on the part of the significant participants. At AT&T, for example, years of slowly developing mutual trust between management and labour were abruptly destroyed when an aggressively antagonistic and newly appointed head of labour relations opted for confrontation instead of co-operation. On the other side, unions approached efforts at co-determination with a studied scepticism, feeling "with justification, that if they got drawn into that discussion they would be playing a game in which the company had all the cards." Whether because of reactionary managers or reluctant unionists, the initiation of "WPoF" (Work place of the future) reforms are difficult. The authors, however, are sober visionaries. While acknowledging the reasons why workers should be suspicious of managers and understanding the ideology that leads managers to be jealous of their powers and privileges, they regard antagonistic labour relations as the stuff of outmoded and

mutually destructive conflict. Their goals included the transformation of anachronistic attitudes into an atmosphere of “mutual gains” bargaining and problem-solving techniques.

Although inherently interesting, the four case studies would be of limited worth if they were told solely for their intrinsic value. The authors, however, are to be commended for taking their stories and attempting to discern a pattern. The pattern that connects each of these accounts to each other and subsequently links them to possible theories of social transition from industrial to post-industrial labour relations is the valuable object of inquiry. Unlike the wizards of post-industrialism from Peter Drucker to Daniel Bell and their breathless disciples, the authors do not solve the problem of the working class through benign neglect, embarrassed silence, or overt hostility. They understand that economic transformation that occurs only in the imagination of executives is plainly illusory but will have practical consequences insofar as it inspires actions that do real damage both to the efficient production and equitable distribution of goods and services. The authors, unlike so many in the field of future forecasting, do an admirable job of setting out their meta-narrative and offering a persuasive case for their views.

The four-fold tale reaches its conclusion in an interpretation not of personalities or even of extant processes but of potential choices that would permit constructive change. Within the developed world, a familiar spectrum is drawn with the United States at one right-wing extreme and Sweden at the sinister other. What is not as familiar is the optimistic alternative to current arrangements and the suggestion the authors make about the crucial variables. Put simply, they advance the thesis that the road to a society in which life can be lived more abundantly is not paved with good intentions about reforming and softening the conflicts between primary stakeholders (owners and workers) but in enlarging the perspectives of existing protagonists and extending the range of participants who are allowed into the decision-making structure.

Thus, FS begins to show the way as it redefined its business to take into account “multiple stakeholders: regulators, suppliers, employees, unions, NGOs, competitors, customers, and multiple arms of government.” Interestingly, the United States does not come off as poorly as its (at least temporary) devotion to the unfettered market and its government’s well-documented assault on unions would normally imply. Though reluctant to embrace social welfare measures that other nations consider necessary elements of advanced civilization, and deprived of a large and active trade union movement, the authors point out that the US has witnessed an unparalleled growth in social activism involving ethnic groups, women, gays, consumer advocates, environmentalists and others who have confronted corporations. “Thus,” they say, “as companies have celebrated the reduced danger of strikes, they have been surprised to face an increased danger of lawsuits.” To this one might add, “and criminal charges.” There are, it seems many paths to the top of the mountain.

Agents of Change contains other features that are not normally found in books about organizational transformation. For one thing, the authors do not try to disguise their values. If they are not dogmatic about the nature of the good society, they at least have

ideas about how to achieve a better one. Their ideas, moreover, deserve the attention and respect of their inevitable opponents. As one of those opponents, who disagrees with several of their premises and some of their promises, I nonetheless recognise work that is worth talking about.

As a special benefit, the authors are quite willing to discuss their methodology and to identify the benefits of creating research strategies that act as instruments for political and social change. For decades, academics have hidden behind the illusion of objectivity to protect themselves and their ideologies from scrutiny. In the alternative, *Agents for Change* defines inquiry as an opportunity for political action. The authors seek not merely to describe what is, but to formulate experiments that have the potential to expand our lives, to bring more into the arena of public life, and to test the boundaries of all that passes for reality. Unencumbered by a deferral to what can be comfortably hypothesized, tested and quantified in the detritus of existing social relations, they dare to abandon acquiescence in the particularities of the present and use social science to tell attractively new stories about a healthier world in the making. Their extensive discussion of research techniques, of the idea of investigation as intervention, and of the self-consciously subversive nature of their project is an elixir to those who have tired of the repetitious, sanctimonious and self-serving tomes that clutter up the shelves of business and public administration book dealers as well as the increasingly arcane articles of scholars.

In *Agents of Change* is to be found an authentically successful attempt to give life to the study of human organization. It does so by using its thoughtful case studies as data, by being clear about its intentions and ambitions, and being true to the best ideals of the engaged intellectual. Its authors succeed in performing what Henry S. Kariel encouraged three decades ago: a reestablishment of political science which would mandate the discipline as a form of political action, awaken political capacities, use case studies as crucibles for previously untested possibilities, and engage in a fusion of the normative and the empirical which would not merely “cultivate reality” but to help to “transform it.”⁵

Howard A. Doughty teaches Canadian government and public administration at Seneca College in King City, Ontario, Canada.

¹ deSantis, M. (2000). “Human Resources Development Canada: Democracy for sale to the highest bidder”. Available at <http://www.ftlcomm.com/ensign/desantisArticles/2000/desantis117/democracysale.html>.

² REAL Women. (2000). “The Liberal Government Boondoggles Go On and On”. *Reality*, 19(2).

³ CBC. (2000) *CBC News in Review*, (April).

⁴ Leslie Pal. (2000). Quoted in *This Is Carleton*, 26 June.

⁵ Henry S. Kariel. (1972). *Saving Appearances: The Reestablishment of Political Science*. Belmont CA: Duxbury Press: ix.