RATIONALIZATION AND THE
PUBLIC SPHERE

JOHN FROW

I

How has it been possible for a discipline as intellectually shoddy as neoclassical economics, all of the key categories of which (the market, equilibrium, the individual) have long since been subjected to thorough philosophical critique, and the effects of which in practice, here and abroad, have been devastating – how has it been possible for such a discipline to gain such sway over the most powerful institutions of economic decision-making in Australia, and indeed over the central policy areas of a Labor Party that should have been opposed to everything neo-liberal theory represented?

The breathlessness of that sentence perhaps betrays something of the anger that can still be generated by contemplation of the rationalizing policies of Labor’s four terms in office, but it betrays too the feeling of powerlessness caused in intellectuals by the success of bad ideas. (‘Rationalizing’ is a misleading term, of course: as the process of ‘structural adjustment’ blows unemployment out over 11 per cent and transfers wealth even more freely from the poor to the rich, it loses all resemblance to rational policy formation.)

If we are not to resort to historical mysticism, however, we need to look for some straightforward material explanations of that success. Let me suggest three. First, the success of an ideology has almost nothing to do with the intrinsic value of ideas and almost everything to do with the role of institutions and of political struggles (in this case particularly the struggle of business, through its tame intellectuals and journalists, to gain control of the economic agenda). Secondly, neoclassical economics had such powerful effects mainly because it could be translated readily into bureaucratic mechanisms and procedures. Thirdly, its success within the Labor Party had to do largely with the absence of a practicable alternative socialist programme (one that might have been organized around economic democracy rather than centralist welfarism, for example).
This absence in turn has its roots on the one hand in well-documented demographic changes in the country as a whole and in the membership of the party, and on the other in the crippling obstacle that the threat of capital flight now poses to any socialist programme.

Michael Pusey’s *Economic Rationalism in Canberra* derives much of its force from the fact that it seeks institutional answers to the question I began with. The first consequence of the decision to focus on the structures of bureaucratic decision-making is that top bureaucrats can now be understood not as functionaries but as influential public intellectuals, with a major role in formulating policy and in actively brokering conflicting social interests. They are neither neutral in the policy process nor transparent to a political will expressed elsewhere.

In thus breaking with the idealism that separates a ‘real’ intellectual domain from a merely instrumental sphere where policies are implemented, Pusey is nevertheless acutely aware of the paradox that these public intellectuals have little ideological commitment to the public sector. The prevalent rhetoric is that of small and ‘efficient’ government – a rhetoric all the more bizarre for the fact that, in comparison with other OECD countries, Australia has a very small public sector, low rates of taxation, and low expenditure on social welfare. The logic of the rhetoric, however, has to do with breaking down rather than respecting the differences between the norms and goals of the public sector (which has a mandate to achieve the common good) and those of the private sector (which has a mandate only to achieve a private good that may or may not contribute to the common good).

Pusey gives three interlocking sets of reasons for the prevalence of this rhetoric. The first concerns the social composition of the Senior Executive Service. A quarter of this elite and powerful group is drawn from the top 5 per cent of the population; only 10 per cent is drawn from the bottom half of the population; and ‘a grossly disproportionate number of young men from Australia’s expensive top private schools are concentrated in some very specific locations — most notably the Treasury’ (4) (it is the distribution of personnel between the more central and the more peripheral departments, not just the gross demographics, that is significant). These data become meaningful only through a further correlation with political attitude — the core of Pusey’s empirical research. Here his findings are straightforward and depressing: those drawn from the privileged upper strata are three times as likely to hold conservative or New Right political attitudes — that is, to hold what Pusey designates as ‘anti-social’ policy attitudes — as those drawn from the bottom half.
of the population; and the concentration of socially conservative policy intellectuals is strongest in the most influential ‘inner’ departments.

The second explanation has to do with the intellectual formation of public service administrators, and specifically with the dominance in postwar Australian universities of a ‘restrictive, technically oriented, neoclassical economics curriculum’ (5) that drastically limited the horizons of its graduates – that is, of those who were to become the key personnel of the state apparatus. A training in economics then became a self-reinforcing gatekeeping mechanism (backed up by a range of internal and external pressures) with control over the definition of appropriate knowledges, and a consequent devaluation of the more generalist skills of humanities and social science graduates.

The third explanation is structural: Pusey distinguishes – using the pre-1987 classification – between the three central agency departments (Treasury, Finance, and Prime Minister and Cabinet), espousing minimalist laissez-faire policies and wielding supervisory and agenda-setting control over the rest of the Public Service; a second tier of market-oriented departments (Resources and Energy, Primary Industry, Trade, and Industry, Technology and Commerce), representing the vestiges of a Keynesian interventionist state and a ‘hands-on’ economic reason; and a third and least prestigious tier of program and service departments (Health, Social Security, Aboriginal Affairs, Community Services, Veterans’ Affairs and Education), the remnants of a now deeply eroded social-democratic model of welfare provision. These three clusters, and the models of government they represent, are arranged in a ‘descending order of legitimacy and norm-setting clout’ (7), and correspond roughly to the positions and the relative strengths in Cabinet of the three Labor factions (suggesting not a hijacking of the Hawke and Keating governments by the bureaucracy, but rather a kind of elective affinity between ministers and their administrative advisers).

These are the bare bones of Pusey’s description; what makes his book an important one is that he doesn’t believe that facts speak for themselves, and develops a complex interpretive framework to explain the shifting of the Australian polity from one historical agenda to another. This framework is approximately the one worked out by Habermas in his debates with Luhmann. At its core is an argument that economic rationalism operates an improper abstraction of the economic system from its socio-cultural contexts; and that this in turn depends upon a belief that the autonomous
working of the market provides a better (because less regulated) basis for social integration than the more complex political and cultural mechanisms of the social order (including the state) against which it sets itself. This belief is crystallized in a key passage of Luhmann’s *The Differentiation of Society*:

Especially with the help of the mechanism of money the economy builds its own values, its own goals, norms, criteria of rationality, and directions of abstraction, by means of which the behavioural choices in its domain are oriented. That these premises stand on their own is clear from the fact that they claim only a system-specific validity and thus do not need to be answerable to all of society. . . . Thanks to these forms of differentiation society can . . . limit itself to giving the economy as a system the necessary protection.

The catch, of course, is that these goals and values, this rationality of the economy, then take effect in and over the rest of the social, inevitably failing to stay system-specific.

Translated into administrative terms, the rationalist vision inverts the traditional relation between the social and economic spheres. The economic framework is seen as systematic and autotelic; social and political phenomena are understood ‘first of all as impairments to economic performance, and then as specific issues and problems’ (44). Assuming that the conditions for social stability will be provided by individual calculations of utility channelled through the market rather than through cultural systems and identity-forming networks, neo-liberalism defines a new structure of social interests, built around a distinction between generalizable interests (the functional requirements of the economy) and ‘vested interests’ (class or sectoral or group interests understood as particular and obstructive). Correspondingly, basic ethical categories such as ‘responsibility’ are redefined in terms of the requirements of economic productivity and ‘structural efficiency’.

The underlying categories of economic rationalism derive, it should be clear, from a deeply metaphysical understanding of the world. Pusey defines it in part as a form of technocratic ‘scientism’ or positivism that, precisely because of its self-confidence, has lost the ability to reflect upon its own philosophical underpinnings. As a consequence,

our new intellectuals are cast in an attitude that always makes reality seem to come upon them ‘from the outside in’ with an ontological fixedness that attributes ‘facticity’, externality, autonomy, impersonality, and objectivity to a whole panoply of social and economic phenomena that the earlier reformist discourse sought to reappropri-
ate with precisely the kind of 'practical' reflection that is now assumed to have an a priori invalidity. (173)

This idealizes the practical reason of an earlier generation of bureaucrats (I return to this point shortly), but it does capture an important political point: that the senior bureaucracy, and the formal rationality it espouses, are not situated in a value-free realm but perform an actively value-laden work. At the same time, however, rationalist discourse has become a moralizing instrument, used (with great success) to discredit both liberal and socialist versions of the social order and the proper role of the state.

Pusey’s philosophical framework generates considerable insight into both the structure and the historical effectiveness of economic rationalism. It does itself have serious weaknesses, however, deriving from its representation of its own locus of critique. Consider the following sentence:

At the boundary of what was once a friendly and intelligent Australian federal bureaucracy, and in the space that was once a 'public sphere' of constructive deliberation that the bureaucracy had itself nourished, there is instead an insulating distance that protects the political-administrative system from both intellectual and 'ordinary' culture, and so from participation, from interpretations of need, and from many of the normal and supposedly normative prerogatives and entitlements of citizenship in a liberal social democracy. (11–12)

This, I submit, is a pure historical fantasy. In projecting onto an imaginary historical axis the value-opposition between economic rationalism and its 'social' alternative (or between a purely instrumental rationality and its tempering with Sittlichkeit, a coherent and integrative structure of customary norms), Pusey seeks to establish the historical actuality of that alternative. But the concept of a "public sphere" of constructive deliberation – a concept that in Habermas refers to the sphere of face-to-face interactions of the eighteenth-century European bourgeoisie – could never have corresponded to the closed and hierarchical structures of the Australian Public Service. Pusey can only produce this idealization of a Whitlam era in which 'public opinion achieves an authoritative expression and acquires some “structure-forming effects”' (170) by radically overestimating the universality of this ‘public’. Nor, despite the frequent invocation of H. C. Coombs, was the Australian Public Service ever characterized by its intellectual dynamism or its commitment to universalistic norms (or indeed, to the best of my memory, by its friendliness); one of the effects of the Hawke
government reforms may well have been, in fact, to improve the level of intellectual preparation required for a Public Service career.

A series of terms running through Pusey's book repeats this binarized structure by pointing to a countervailing space of organic fullness of being: 'culture', 'identity', 'ethics', the 'ordinary', the 'normative' all work in this way, and in particular the opposition between 'form' and 'substance' — as in 'the process of reform and rationalization is driven by an intellectual triumph of formal models over practical substance' (8) — carries a considerable philosophical weight. The positive categories are naturalized, presented as chunks of self-evident truth. But when concepts of system, of instrumental reason, of formal structure, of abstraction and so on are kept on the negative side of the balance sheet, you repress the formal, systemic, organizational conditions of existence of any alternative to economic rationalism: precisely the kind of romanticism that the Parliamentary Labor Party has been in rebellion against for the last decade and with perfectly good reason.

The reality is that Australia has not fallen from innocence into system, from the ethical and cultural into the instrumental; it has moved from one set of mechanisms of governmentality and regulation into another, and from one configuration of interests into another — each of which is equally informed by organization and instrumentality, and each of which is nourished by and within a coherent ethical culture.

In building his analysis on a quasi-historical myth of presence, in a way that has learnt nothing from the structuralist and post-structuralist critique of such binarisms, Pusey reveals the basic difficulty of using the problematic of humanist liberalism to attack the politics of neo-liberalism. The vocabulary of presence appeals to a notion of the consensual community, either in the form of a community of ordinary-language users, or of the participants in a 'national identity'. The abandonment of centralized wage-fixing — certainly likely to be one of the bigger policy disasters of this Labor government — works in the book as a figure for the destruction of community that occurs when 'system' is detached from and privileged over 'culture'. But what Pusey cannot do well — what humanism and liberalism have never been particularly successful at doing — is to describe the non-consensual class conditions of social organization, and in particular those conditions that have to do with the international structure of capital. If Pusey's account adequately explains the mechanisms by which economic rationalism has achieved its institutional prevalence in Australia, it cannot explain why this prevalence has been an international phenomenon. When he does
cite exogenous factors – for example, the pressure exerted by credit ratings on wages policy – these simply don’t square with the exclusively endogenous (cultural and organizational) patterns of explanation that have formed the basis of his argument. There is little point mounting a case for the primacy of the nation-state and the integrity of its public sector if you don’t face up fully to all those pressures of international capital that work to undermine it – the manipulation of commodity markets, the influence of international capital markets and the credit-rating agencies, the ability of multinational corporations to move capital at will around the globe, and the consequent pressures on national wage-setting mechanisms.

Similarly, although Pusey documents concisely the effects of economic rationalism on the distribution of wealth in Australia – an upward redistribution of some 3 per cent from wages and salaries to profit share during the 1980s, coupled with an increase in foreign debt and a failure to generate productive investment – he does not convincingly explain why it should have been a social-democratic government that achieved this result. The limitations of a ‘liberal’ framework of political analysis explain at the same time the weakness of the political alternatives that Pusey offers (essentially, those of the smaller European social democracies).

II

The Dawkins reform of higher education was one of the most significant and wide-ranging of the rationalizing measures undertaken by the Hawke Labor government. Its outcomes (like its objectives) have been mixed, but it would certainly be wrong to characterize it as a deregulatory process: on the contrary, while it has decentralized certain of DEET’s financial disciplinary mechanisms, the effect of its measures has been entirely to increase central government control over the content and process of higher education.

One way of thinking about what is at stake in this very complex set of reforms would be to say that it has to do with the enforcement of certain discourses associated with the goal of economic productivity over against the more traditional discourses of liberal education, with their vision of intellectual disinterest and the autonomy of academic research. It has thus directly challenged the justificatory assumptions of the humanities and many of the social sciences – but also, of course, of the pure sciences and mathematics.

The widespread defensive response of simply reasserting the traditional goals of the university – goals that now very clearly have little to do with the actual function of the university sector – has had little effect other than to show up the poverty of the rhetoric of
humanistic education. Pusey's account of the reforms exemplifies the problem:

In the Australian universities of the late 1980s there is a very clear regrouping of the new 'manipulative sciences' of management, marketing and accountancy under the protective umbrella of the disciplines of economics and psychology in which each does its part in redefining scholarly excellence into the terms of a promiscuous instrumentalism that is permanently at odds with culture, tradition, critical reflection, and dare one say, with most intellectual representations of the identity and collective interests of the Australian people. (233)

'Culture', 'tradition', 'collective interests' and so on are posited as so unproblematically and universally given that only the moral turpitude hinted at by the word 'promiscuous' could explain the failure to espouse them. It is its easy self-righteousness that makes this rhetoric a sitting target for Ian Hunter and his colleagues.

I shall limit myself here to commenting on 'Personality as a Vocation', Hunter's contribution to the ICPS publication Accounting for the Humanities, subtitled 'the language of culture and the logic of government'. In fact the book analyses the logic as well as the language (the rhetoric) of the humanities, and attempts to relate it to the logic of the governmental. Although it disclaims any desire to mediate these two logics, to make them transparent to each other, this is in fact what it seeks to do. Its originality lies in its argument that they are not incompatible, because the ethical functions of culture are contained within a broad sense of the governmental (that is, within a range of mechanisms of formation and organization of ethical selves); its political problem is that it can make this move of mediation only by accounting for the humanities in a very limiting and functionalist way, and by taking as given and uncontestable the rationality of the governmental.

Hunter's essay is perhaps best understood as an act of impatience with the contradictions inherent in the traditional defence of the humanities, especially its attempt to reserve a transcendental space of 'the human' from the more mundane and technical operations of an organized system of knowledge production and transmission. Thus Hunter assumes that 'the humanities' is one thing; that it can be defined in terms of its goal of Bildung or self-cultivation; that this goal can indeed be taken seriously, but as one ethical practice amongst others; and that this practice is not transcendental but is one of a number of local and contingent technologies of subject formation that make up the educational apparatus. Hunter assumes, further, that there is a kind of bad faith (not his term) involved in
claiming such transcendental ends, since this claim can be used to justify exemption from due political process, as well as to ascribe moral superiority to the practitioner of humanist critique; but — in principle, if not always in practice — he assumes that ethical self-formation is a valid, although limited, educational goal. (I make the qualification that this is only an in-principle assumption because Hunter often seems, against his own methodological convictions, to speak of ‘self-cultivation’ as though it were an entirely narcissistic, dilettantish and therefore trivial practice.)

The concept of ethical practice, or ‘ethos’, draws on the Weberian Lebensordnung and Wittgenstein’s concept of ‘forms of life’; it is used to counter an understanding of the ethical as a matter of ideas or principles, and is valuable, I think, in positing a ‘material’ basis for the ethical in practices or techniques of self-formation — although often it seems to work merely to invert the values ascribed to the hierarchy of ideas and practices, while retaining the structure of the opposition itself. It is valuable too in demystifying the self-evidence of the rhetoric of humanism. Beyond this, however, there are a number of problems with Hunter’s account. Let me list them schematically.

(1) It presents ‘the humanities’ as a unified disciplinary structure, espousing a single set of essentialist values centred on the universality and integrity of the human subject form, and aiming at ‘the formation of personality not the objectification of knowledge’ (58). Such a unification is surprising in a book that is so suspicious of totalization, and the target it sets up bears little resemblance to the more interesting work done in most humanities faculties (for example, in the School of Humanities of which this book is itself a product).

(2) In describing the humanities as the site of an ethical formation of the self, Hunter is of course aware that there are many other such sites, including all the other disciplines of knowledge. Only the humanities are thought to have exclusively this function, however, and the privilege that the traditional humanist defence ascribes to itself is thus implicitly granted. In fact, like all other sites, education in the humanities serves a number of different and dispersed functions — ethical, vocational and cognitive.

(3) The singular focus on ethical formation has the effect that Hunter reproduces the primacy of the subject form that he ascribes to the humanistic ethos. Ethical formation is understood as a relatively passive process of acquisition of attributes and competencies; like behaviourist psychology, Hunter denies any role to
symbolic mediation and self-representation. There is a constant ambivalence between a detached and historical account of the ethical as a contingent mode of self-formation and a moralizing denunciation of ‘Romantic’ forms of self-cultivation. Implicit in the concept of ethical cultivation is a refusal of the status of humanistic discourse as a knowledge; this refusal is never justified other than through an assertion of its solely ethical function.

(4) Concomitant with the unification of the humanities is a totalization of the governmental: not, to be sure, in terms of its structure, which is described as contingent and piecemeal, but in terms of the autonomous rationality attributed to it (a technical rather than a spiritual rationality). Although Hunter’s argument requires that the governmental be understood in a Foucauldian sense as the ensemble of the ‘disciplinary’ processes of formation and control of personal and social life, in practice his use of the concept tends to slip into the narrower sense of governmentality as the bureaucratic or as raison d’état (see for example pp. 49, 54). What unifies this domain is the forms of expertise and of discipline that make up the bureaucratic ethos; and from its unity Hunter derives a political prescription: ‘the objectives of government cannot be entertained or dismissed at will’ (49). Therefore the university, which forms part of the apparatus of the governmental, may not dissociate itself from the ends of government. This prescription offers no way of differentiating between better and worse policy measures (indeed, it disallows the possibility), and it permits no measure of autonomy to lower-level decision-making bodies; the proper vehicle of bureaucratic judgement is the chain of command. ‘Government confronts the humanities not as a coercive or philistine use of power but in the form of a series of rational and ethical programmes’ (64): as though there were nothing more to be said.

(5) The implication of the argument that the humanistic and bureaucratic ethoi form separate, autonomous and ethically discontinuous domains of practice and knowledge – an argument that, once again, reproduces the traditional self-understanding of humanism – is that no ethos and its associated knowledges can either articulate the bases of its own practice (since an ethos ‘is grounded only in decision and practice’) (40) or have a valid understanding of any other practice (no ethos has the right to judge another). Not only does this make Hunter’s own discourse a logical impossibility (since it too belongs to a local structure of knowledge), but it posits an impossible purity of social structures. Disparate social spheres constantly
and necessarily overlap, and the translation, however imperfect, of one discourse's terms into another's is a fundamental social process. (Hunter's conceptualization, at the end of his paper, of the exchanges and negotiations that take place between spheres seems to me to be at odds with his conception of the non-commensurability of ethical domains.) Moreover, it is simply not true to say that the bureaucratic ethos is unconcerned with the 'transcendental' objectives of, for example, justice or equality, since many bureaucratic programmes (the whole of the legal apparatus, for example) are devoted to the practical implementation of just such ends. There can be no neat separation of bureaucratic and humanistic reason.

(6) In defining the bureaucratic ethos as a practice of obedience to the demands of office and an exercise of specialist expertise, Hunter neglects the phenomenon that Pusey clearly demonstrates — the policy-forming role of senior bureaucrats: a role that is by no means merely passive or 'expert' but is 'ideological' in the sense that it helps shape and define social interests, and indeed involves powerful ideological struggles within the bureau. There can be no neat separation of bureaucratic and political reason.

(7) In a forthcoming review of Pusey, Hunter describes the bureau as 'an authentic, irreplaceable and irreducible technology for living', and concludes that 'its mode of existence places it beyond the political and moral reach of popular democratic control'. Despite the fact that this conclusion directly contradicts his description of the bureaucratic ethic as one of obedience to ends set in the political sphere, there is certainly a plausible case to be made for it. My worries are twofold: first, that Hunter presents this as an eternal, unalterable state of things rather than a contingent historical result; and second, that he seems entirely unworried by it.

(8) Michel de Certeau has a very different conception of the ethical. He writes:

Ethics is articulated through effective operations, and it defines a distance between what is and what ought to be. This distance designates a space where we have something to do. On the other hand, dogmatism is authorized by a reality that it claims to represent and in the name of this reality, it imposes laws. Historiography functions midway between these two poles: but whenever it attempts to break away from ethics, it returns toward dogmatism.

Hunter's description of the field of knowledges claims to be historical and 'positive' rather than ethical. Implicit in this claim is
a further one: that the way things are and have been has normative or predictive power for the future. This is not the case: the future is a terrain of virtuality, 'a space where we have something to do'.

(9) It is difficult, finally, to understand what justifies the removal of normative concerns from our expectations of the School. If the educational bureaucracy is indeed a contingent and piecemeal formation obeying no more general historical logic – if it is not a closed expert system with its own 'principled' necessity – then it is open to political intervention, by intellectuals among others. This is not a question of realizing the 'truth' of the School but of the politics of shaping it to achieve social (not 'ultimate') ends. The forms of critique developed in the interpretive disciplines of knowledge, far from being a matter of 'ethical posture', have a limited but real role to play in developing such a politics.

Both Hunter and Pusey fail adequately to theorize what a common-good alternative to the private-good discourse of economic rationalism might look like – in Pusey's case because of his idealization of the form of public sphere made possible, under the conditions of a capitalist market, by the liberal social-democratic state; in Hunter's case because he is unable to come to terms with the political openness of the broad and fluid sphere that Foucault calls the governmental. Both critiques, moreover, contain elements of dogmatism, in de Certeau's sense of deriving authority and legislative power from a reality that they claim to represent. In each case the reality taken for granted is that of the position from which they speak; and in each case the force of critique is weakened by this claim.

NOTES

3 Ian Hunter, 'Auditing the Critique Department: On the Humanist Understanding of Bureaucracy', forthcoming in Melbourne Studies in Education.