Book Reviews

Dealing With an Angry Public: The Mutual Gains Approach to Resolving Disputes. By Lawrence Susskind and Patrick Field. New York: The Free Press, 1996, 276 p. $24.50.

Let's face it. At some point, our organizations inevitably screw up and, just as certainly, some "public" will be madder than hell about it. With luck, the leaders of these organizations will have read this wonderful book and will be prepared to act on its advice.

Susskind and Field, president and senior associate, respectively, of the Consensus Building Institute, argue that most corporate and governmental executives take the wrong steps when accidents happen. Acting on what they see as their immediate, direct, and narrow interests, the leaders—typically advised by public relations officers and legal counsel—too often deny, dissemble, delay, cast blame, or otherwise attempt to buy their way out of the jam. But as Exxon with its Valdez spill, Metropolitan Edison with its Three Mile Island near-meltdown, and Dow Corning with its breast implant fiasco (and many other organizations) discovered, their short-term strategies to save face almost made them lose their hides.

What should these organizations have done? According to Susskind and Field, they and other business and governmental leaders should practice several simple principles, and many more specific prescriptions, when dealing with an angry public. They should acknowledge the concerns of the other side and encourage joint fact-finding. They should offer contingent commitments to minimize impacts if they do occur and promise to compensate knowable but unintended impacts. They should accept responsibility, admit mistakes, and share power. Finally, they and their organizations should act in a trustworthy fashion at all times so that they might focus on building long-term relationships (pp. 37–38). The prescriptions, ostensibly given to elaborate on the principles, often state the banal "Say what you mean and mean what you say" (p. 80) (compare with: "Lie") or the obvious "Select an informed, experienced, clear-spoken spokesperson who is not condescending to the public" (p. 83) (and which manager plans to hire an ignorant, inexperienced, inarticulate, condescending spokesperson?) While the authors undoubtedly believe that these principles and prescriptions are morally commendable, the authors also maintain that they are sound economics and clever politics.

I found these arguments compelling, but then again I generally want to believe that organizations do well by doing good. A tougher task would be to convince those hard-headed, hard-hearted leaders who play hard-ball. The authors attempt to do this in two main ways. They provide actual cases (Exxon, Metro-Ed, Dow Corning) of failed efforts to resolve crises the old-fashioned way. The authors also present a fictional (they call it a "composite") case involving "The Old Plastics Factory" that was successfully resolved, although not without difficulty, the mutual gains way. I suspect that the inexperienced yet open-minded manager would also want the authors to describe real cases in which the mutual gains approach didn't work well—if it always worked as advertised, surely everyone would use it, right?—or where the traditional response did seem to benefit the organization. The authors, paradoxically, could have made a stronger case for the mutual gains approach by providing stronger criticism of it.

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Susskind and Field are nonetheless onto something good. They recognize that most participants in the kinds of controversies they analyze are frustrated and discouraged with the polarized, contentious, and legalistic disputes and hunger for a better way to conduct business. They provide hope, and guidance, for dealing with an angry public in ways that leave the participants more satisfied and the organizations more productive.

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Debt Wish: Entrepreneurial Cities, US Federalism, and Economic Development. By Alberta Sbragia. Pittsburgh: University of Pittsburgh Press, 1996, ix, 296 p. $49.95 cloth; $22.95 paper.

If one ever needed evidence that state and local governments in the United States were activist and innovative, that they have always sought to stretch the limits of conventional practice, Alberta Sbragia's account of the development of the public debt financing system over the last two centuries is a fine place to start. Municipal government—nor state government for that matter—was never a "lost world," mired simply in the numbing routines of sewer administration and street paving, while all the interesting business of government was going on in Washington. Nor was city hall or the statehouse simply the domain of good old boys, tending their own parochial and pedestrian interests and milking the public treasury. These were misimpressions foisted on students and scholars alike in the 1950s that have never been easy to shake, but it was never really true. Instead, as this book amply demonstrates, these subnational governments have always been highly entrepreneurial in expanding the domain of their activities and persistently inventive in the creation of instruments to pursue their objectives.

Sbragia sets out to explore this government entrepreneurship, the often restrictive reactions of other levels of government to these incursions into unaccustomed territory, and the efforts by the entrepreneurs to circumvent the restrictions. She does so by examining the history of state and local government investment activities financed by borrowing in the capital markets.

State entrepreneurialism in the early 19th century is most evident in the realm of economic development, particularly in the effort to create a modern transportation infrastructure. In 1817 New York state borrowed to finance the construction of the Erie Canal, which was such a financial success that its toll charges not only easily paid the interest on the loans but generated a surplus that capitalized a state development bank. The means states employed for the financing and construction of internal improvements—public enterprises, eminent domain, publicly subsidized firms or mixed corporations—reflected a pragmatism that becomes evident again in the embrace of economic development functions in the late 20th century.

A number of defaults in the wake of the depression of 1839 led 19 states between 1842 and 1857 to impose limits on state borrowing through constitutional amendments. Cities promptly stepped into the transportation funding breach by helping to finance railroad development. Local borrowing soared after 1840, soon surpassing state debt levels. Alarmed at the rising level of local indebtedness, state legislatures began to impose local borrowing limits, though Sbragia does not make entirely clear the sources of state interest and concern. States not only limited local debt but imposed requirements for voter approval.

It is in the later decades of the 19th century that the structure of the modern public capital financing system comes into place. Not only do states restrict local borrowing, but the federal courts are called upon to determine what exactly constitutes a "public purpose" that may be financed through the issuance of bonds, a notion they construe expansively. Furthermore, the courts in this period elevate bondholder interests above all others and ratify the exemption from federal taxes on municipal bond interest, both of which made investment in these instruments a highly attractive option in the financial markets. (Alarmed finally at the magnitude of foregone revenue, Congress acts to limit this exemption in the Tax Reform Act of 1986.)

To circumvent state restrictions on borrowing, particularly in the decades when massive urbanization and the growth of automobile use required huge investments in public works, innovative, entrepreneurial municipalities invented both the public authority and the revenue bond. Public authorities, independent units of local government, often governed by appointed rather than elected boards, could and do perform practically any function: they run hospitals, nursing homes, cemeteries, ports, turnpikes, bridges, tunnels, bus systems, and stadiums. Most important, these authorities have their own borrowing powers, subject neither to voter approval for bond issues nor to municipal debt limits. Instead of relying on bonds backed by taxpayers, the debt instruments the authorities use are revenue bonds, paid off by the charges imposed on the users of the bridges or convention centers. Debt incurred through revenue bonds is not subject to municipal debt limits: because these bonds are not backed by taxpayers, the debt was not "debt" in the eyes of the courts. Debt, in short, is as much a social and legal construct as an economic one.

The inventiveness and activism of entrepreneurial local governments seem boundless. Not only the public authority and the revenue bond, but leaseback authority (where a facility is built with money from revenue bonds and leased back to a municipality), industrial revenue bonds (IRBs) for financing private manufacturing and commercial development, and the assumption of new responsibilities in such areas as economic development, housing, and pollution control are other examples.

As Sbragia makes clear, there were high costs to all this innovative activity. The creation of public authorities helped mightily to fragment the system of local government in metropolitan areas, and it insulated much important public spending and decisionmaking from voter control. Nevertheless, the system of public financing that Americans have created has served a multitude of interests well: bondholders, city dwellers, construction and transportation interests, private industry. Sbragia's rich and engaging historical account is an important contribution to our understanding of the origins and dimensions of entrepreneurial subnational government in the United States.

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New Governance for Rural America: Creating Intergovernmental Partnerships. By Beryl A. Radin et. al. Lawrence: University of Kansas Press, 1996, 242 p. $29.95 cloth; $17.95 paper.

The authors of this book describe the effort as "An analysis of an uncommon set of intergovernmental activities that took place between 1990 and 1994 and continue on today." The approach to analyzing this set of activities included two perspectives: the intergovernmental and the rural development policy.

The book is a study of the Rural Development Partnership that developed out of the 1990 Farm Bill which created the Rural Development Administration in the US Department of Agriculture. The focus of the book revolves around the authors' in-depth examination of sixteen State Rural Development Councils over a four-year period. The book is broken into seven chapters. Especially important for students of rural policy and intergovernmental relations are Chapters 1, 2, 5, and 6. Chapter 1, on intergovernmental relationships, reviews traditional and historical intergovernmental relations and examines the current intergovernmental environment with a special emphasis on rural policy and the need for a "new governance."

Chapter 2 examines rural development policy and the challenges facing rural America. Special emphasis is placed on the variations and diversity of rural America and the problems of the "one size fits all" Federal approach. A series of recommendations for state governments developed over the past few years are reviewed. The authors suggest that new strategies are needed and such strategies should focus on "self-development." As states reinvent their development policy, the key question is "what emphasis will states accord rural development?" The focus of chapter 5 is on new governance in action. An important aspect of this new governance is the development of networks, both within the State Rural Development Councils, and in the National Rural Development Council in Washington DC. This new governance requires the "catalyzing" of all sectors in providing public services including, public, private and the non-profit. The chapter lays out an analysis of networks and their activities. Chapter 6 reviews the intergovernmental partnership activities and provides specific examples of cooperation and collaborative projects among the 16 State Rural Development Councils. The chapter not only discusses the range of activities, but examines the partnerships forged to handle the complexity of a variety of intergovernmental programs. The conclusions from reviewing each of the sixteen states are that "rural development in the 90's cannot proceed without the type of cooperative interagency/interorganizational efforts undertaken by the SRDCs and that communities cannot do it on their own." SRDCs can "smooth the way, fix a specific problem, be process agents, strategic planners and policy developers," but only if the states allow them to do so. Several of the middle chapters seem a bit redundant and, while necessary to explain the whole story, are a bit long and detract from the importance of the book.

The authors conclude that "what occurred in the National Rural Development Partnership is generalizable to other policy areas and that the baggage of the past in intergovernmental relations can be lightened and that it is possible for individuals with very different perspectives to work together. . . . " While this appears to be true in some of the state cases presented, others appear to have had much more limited success in forging the type of partnerships necessary to really redefine the intergovernmental arena. What is missing from the state studies and the chapter on networks are questions about power relationships, incentives to participate, especially in the light of no or few resources and the uncertain payoffs of many of the activities.

This is an interesting book and presents a number of findings of the National Rural Development Partnership movement. It is clear that rural development is "better off" in many states because of these intergovernmental partnerships, but it remains to be seen if they can be implemented successfully in other states and if they are sustainable in the sixteen states studied in this work. It will also be interesting to follow this "new governance" movement into other policy areas. It would seem that some of these ideas have been put into place with some success in urban areas by the US Department of Housing and Urban Development. Other efforts are also underway in several other Federal agencies. Clearly this is an effort worth following for rural development and policy researchers.

TERRY BUSSON, *Eastern Kentucky University*

The Civil Service. By Keith Dowding. London: Routledge, 1995, viii, 202 p. $40.00 cloth; $12.99 paper.

The approach and the content of this book are accurately reflected in the title of the series, "Theory and Practice in British Politics," in which it appears. Indeed, the series title seems rather more apt in this context than that of the book itself, given that the "civil service" discussed by the author has become so divorced from its former self—which acquired its title two centuries ago, in the heyday of the East India Company—that one is left feeling that some new name, more appropriate to the agentized and fragmented creature of the 1990s, ought now to be invented for it. But the schizophrenic watchwords of recent reform have been "continuity and change," and it seems unlikely that the powers-that-be of any governing party will want to risk damaging the comforting facade of continuity by changing the old and familiar nomenclature.

The book's title may be accidentally misleading in another sense, to those readers who pick it up in the innocent expectation of finding a traditional historical–constitutional account of a familiar subject. They will find in it much of the latter, but spiced lavishly with big chunks of modern political theory. The author is critical of the limitations of previous undergraduate textbooks on the civil service as being "too full of descriptions, opinions, anecdotes and personalities with not enough theoretical analysis explaining how these elements all fit together." This is brave talk, given that some of the authors thus denounced are likely to be his main reviewers; but the criticism is not unfair and the author sets out to remedy such deficiencies with a book that offers both a descriptive account of the momentous changes that have transformed, and are continuing to transform, the British civil service, and an explanatory analysis of these changes, based mainly on public choice theory.

The book begins with a description of the traditional civil service and departmental structure, in conventional Weberian terms. There follows a key chapter on "efficiency," which draws substantially on Niskanen's equilibrium model and on Pareto's concepts of efficiency and utility, complete with illustrative graphs. The author concludes that, contrary to the assertions of Conservative ministers, such arguments cannot be used to prove that bureaucracies are more or less efficient than markets. He continues by examining Thatcherite reforms such as Next Steps in the light of New Right ideas about the budget-maximizing behavior of bureaucrats; another chapter then looks at the more sophisticated bureau-shaping variant of that model.

A chapter on the role of civil servants in policymaking looks, *inter alia*, at policy networks and at the phenomenon of the "revolving door," suggesting that tolerance of the latter may be associated with the prevailing but dubious New Right orthodoxy that "the state is evil and business good." A discussion of the impact of the European Union provides a good overview of the institutional consequences of EU membership, and highlights the difficulties faced by UK civil servants in adjusting to the different bureaucratic cultures both of Euro-institutions and of Britain's continental European partners. A final chapter deals with the theory and practice of accountability in the changing civil service, covering such aspects and episodes as the Osmotherly Rules, the Matrix Churchhill affair and the circumstances of ministerial resignation and non-resignation.

One comment, probably irritating to an author who cannot do much about it, but almost irresistible to any hindsight-blessed reviewer of a book about a civil service that is (to use Dowding's own phrase) "a moving target," is that much has happened since the book was written: the Nolan and Scott reports have been published; the white paper, *Continuity and Change*, has a sequel; the case studies of ministerial survivals of prison escapes needs now to include the Lewis case. But the plus side for the author is that he should have little difficulty in persuading his publishers of the need for a second edition.

This book's claim to originality lies in its blend of political theory with more descriptive material. The result is at least partly successful. Students will benefit from the juxtaposition of public choice and managerial theory with institutional description, both of which are well handled and lucidly presented (clear diagrams, graphs and tables, plus a good bibliography are strong features of the book). The main problem is that the attempted integration of theory and practice only partly comes off; there are big blocks of the former and even bigger blocks of the latter, sometimes with sharp changes of gear between one mode and the other. One fears that even the most able student will, without a lot of careful guidance, struggle to make meaningful connections. But in the hands of good teachers, particularly ones who are sympathetic to the author's theoretical perspectives, this will be a very useful textbook—more challenging, but ultimately more rewarding, than many of its competitors.

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Small Countries, Big Lessons: Governance and the Rise of East Asia. By Hilton L. Root. New York: Oxford University Press for the Asian Development Bank, 1996, 216 p. $22.50.

Small Countries, Big Lessons is an outgrowth of a 1995 Asian Development Bank Workshop on Governance and Development. The book is an ambitious attempt to distill a set of lessons from the common experiences of six high-performing Asian economies (Hong Kong, Indonesia, Japan, South Korea, Singapore and Taiwan).

Key to understanding the success of East Asia, according to Root, is not state capacity *per se*—the existence of "strong states" or "weak states." Nor does East Asian economic success correlate well with the existence of democratic government. Rather, Root suggests that we should look more closely at the process of governance—defined as the measures that governments utilize to ensure accountability, predictability, and transparency in policymaking. Of these three characteristics, accountability is paramount because it is the ultimate safeguard of predictability and transparency. According to Root, the basis for political accountability in East Asia was the creation of institutions that reinforced rules-based rather than relationship-based governance.

There are, according to Root, two critical institutional components of this success: bureaucratic capability and the existence of an effective state/society interface. The issue of bureaucratic capability is hardly new (as Root notes). A fundamental task facing industrializing countries is how to create bureaucratic structures that have enough autonomy to implement effective policies, yet are accountable enough to avoid rent-seeking behavior. A healthy combination of autonomy and accountability can combine to produce what Chalmers Johnson calls a "developmental state"—government institutions that influence private sector activities in ways that create competitive advantage and spur economic growth. Autonomy without accountability, however, may prompt bureaucrats to use their position for personal gain—creating (in Peter Evans' terminology) "predatory states" that ultimately stunt national economic development.

Successful East Asian economies have crafted this balance between autonomy and accountability. Bureaucrats intervened extensively in markets, but political leaders implemented policies that prevented market access from being controlled by administrative officials. Political leaders imposed performance evaluations on bureaucrats and sent signals that civil servants who attempted to achieve personal gain from public service would not be protected from prosecution. Where corruption occurred (as in South Korea), it was the "right kind of corruption"—that is, behavior that reinforced policy stability and continued capital investment.

The second key component to East Asian success, according to Root, is that East Asian governments established effective state/society interface mechanisms that worked to block political opportunism by bureaucrats or other leaders. As evidence of this, he places strong emphasis on the public sector/private sector deliberative councils that were created in several East Asian countries. These state/society interface structures reduced informational asymmetries and bound government officials to impartial policymaking procedures. The result was a form of participatory development based on close public sector/private sector cooperation.

Yet the empirical case studies in Root's book do not show in detailed ways the ways that these committees created rules-based decisionmaking patterns. The country cases describe rather than analyze the impact of these institutions. The reader is left wanting more empirical data demonstrating the particular ways that the consultative committees reinforced rules-based governance. This is a particularly important gap, because other scholars have offered quite different arguments regarding the importance of rules-based versus relationship-based governance in East Asia. Johnson, for one, has argued that East Asian economic success rests on administrative guidance: informal, ad hoc agreements between bureaucrats and selected private sector officials. For Johnson, state/society interfaces in Japan and Korea are evidence that concerns regarding the "rule of law" and governmental impartiality may be *misplaced*, because informal networks and relationships substituted effectively for rules.

Small Countries, Big Lessons does not provide enough empirical context for the reader to access Root's argument about the role of deliberative councils in East Asian governance or the centrality of impartial rules-based governance mechanisms. One can imagine telling a very different story—one in which public/private deliberative councils reinforced personalistic relationships, exclusionary arrangements and the relationship-basis of East Asian economies. In this sense, the book does not make a convincing case regarding the centrality of rules-based governance in East Asia. (Indeed, the nature of the book, which is a summary version of several conference papers and discussions, prevents Root from engaging in extensive empirical analysis).

In its broader purpose, however, the book is extremely successful. Root does a stellar job in highlighting the importance of moving beyond increasingly sterile debates about the role of state capacity in economic development. Institutions matter. The processes of governance matter. Consequently, institutions must be invented—and reinvented—to assure political accountability and effective policy implementation. In this sense, *Small Countries, Big Lessons* is an important step toward integrating the issues of institutional innovation and policy implementation into discussions of economic development.

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Leadership for the Public Service: Power and Policy in Action. Richard A. Loverd, ed. Upper Saddle River NJ: Prentice Hall, 1997, 212 p. $25.00.

Richard Loverd has edited (and substantially written) a collection of both previously published and original essays on political leadership and public policy. The approach is essentially the use of biographical case studies to illustrate "power and policy in action:" presidential, congressional, gubernatorial, and bureaucratic. The latter emphasis is particularly welcome since the administrative chieftains of the American public service typically labor in an obscurity unwarranted by either public personality or political importance. Loverd's collection joins the works of

Jameson Doig and Erwin Hargrove, *Leadership and Innovation: A Biographical Perspective on Entrepreneurs in Government* and Terry Cooper and N. Dale Wright, *Exemplary Public Administrators* as an important contribution to our understanding of political power and the policymaking process. At the risk of criticizing a book for what it did not attempt, readers of this journal, in particular, would have welcomed a focus on comparative public administrations. The additions of Jack Lang, longtime Minister of Culture in France in the Mitterand era or, of Francois Mitterand himself, would have provided illuminating examples from outside the American situation.

On the other hand, Professor Loverd casts a wide net in elaborating his representative men and women as governmental leaders. We have studies of Gerald Ford and the New York City fiscal crisis (a "conceptual analysis" by Loverd that appeared originally in the *Presidential Studies Quarterly*, and of Bill Clinton's "troubled presidency" (a journalistic account that, while less than two years old, appears already dated). There are good articles on the too-often neglected subject of gubernatorial leadership with reprints on Christine Todd Whitman of New Jersey, Mario Cuomo of New York, and an original essay by Loverd comparing Michael Dukakis's first and second terms as governor of Massachusetts. Similarly, there are chapters on "Tip" O'Neal and Newt Gingrich that elaborate the radical differences in congressional leadership that have been demonstrated in the past decade or so. Also, the original essay by Professor Loverd on the management styles of Howard Baker as Republican leader in the Senate and as White House Chief of Staff under Ronald Reagan (1987–1988) provides an illuminating study in the contrasts between legislative and executive leadership. In the case of Baker, the Senate was much more in tune with his style of leadership.

The most extensive and far-reaching contribution is Margaret Wyszomirski's analysis of thirty years of bureaucratic leadership at the National Endowment for the Arts (NEA). For a public agency that is budgetarily lilliputian, the NEA has managed to generate gargantuan controversies. During its formative years in the Nixon era, the arts agency was blessed to have a bravura administrative entrepreneur as its chairman. Nancy Hanks presided over the NEA during its heyday of budgetary acceleration and political approbation. It may be, however, that Hanks did not have a "policy" as much as instincts; that is, she promoted disciplinary distributions and public accessibility rather than the articulation of a coherent cultural strategy with specific goals and methods for implementation, assessment, and evaluation. However, Hanks's instincts for political feasibility spared the NEA the demoralizing traumas associated with John Frohnmeyer's tenure during the Mapplethorpe affair when the agency stood indicated as a purveyor of pornography. Not surprisingly Professor Wyszomirski is critical of current Chairman Jane Alexander's management style since it seems limited to boosting positive public awareness of the NEA's record, in what is essentially "an exercise in celebrity endorsement."

Overall, *Leadership for the Public Service* is a valuable contribution to the literature on public policy and administration. The wide-ranging array of case studies makes for interesting reading on the personal and structural aspects of political leadership. Also, the first two chapters provide a useful analytical framework for understanding how power is acquired and how policy decisions are formulated. Professor Loverd's work would make a useful supplement in causes on executive politics and public administrations.

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The Future of Governing: Four Emerging Models. By B. Guy Peters. Lawrence: University Press of Kansas, 1996, ix, 179 p. $35.00 cloth; $14.95 paper.

One important consequence of the rise in salience in recent years of economistic policy concerns of governments has been a strong orientation to outputs as the principal targets of reformers. Thus reform movements have focused on one key question: how might services be more efficiently and responsively delivered? There have inevitably been a number of contending answers to this question. In a masterful essay of comprehension and analysis, Peters identifies and characterizes four leading models of reform, on the basis of the distinctive answers they provide:

- market government ("deliver services through market rather than bureaucratic systems");
- participative government ("involve clients in the delivery of the services they receive");
- flexible government ("make service deliverers more responsive by depriving them of many traditional bureaucratic perquisites");
- deregulated government ("encourage service providers to be entrepreneurially responsive by removing unnecessarily burdensome rules and regulations").

For each of these models, Peters identifies five major features:

- the principal diagnosis of what has been wrong with traditional ways of governing;
- the preferred structure of government organization;
- favored styles of management;
- policymaking stances;
- criteria for determining the public interest.

He also poses four basic questions which must be answered by any system of governance:

- how may coordination be optimized?
- how may errors be most effectively detected and corrected?
- how may civil service systems be improved?
- how may accountability best be realized?

In exploring the ways in which the four models provide answers to these questions, Peters inevitably covers much of the ground already charted in the earlier discussion of the major features. This is hardly surprising, for a model's answer to say the coordination question is intimately bound up with its preferred structure of organization. This suggests that a future task for Peters (possibly in the preparation of the next edition of the book) could be the reduction of overlap through the devising of a broader system of categorization capable of accommodating both the preferred features of the four models and their answers to the basic questions of governance.

The most important issue raised by this essay is implicit in its sub-title: "Four Emerging Models." Is one of these models likely to emerge into a position of predominance? Peters suggests not, at least not if each of the reform models retains its current limitations. Peters is at his most subtle and discriminating in demonstrating such limitations, especially in relation to the incompleteness of the ways in which the models handle value conflicts and indeed outright contradictions. In these respects, none of them has approached the integrity of traditional systems of public administration, which have established cultures appropriate to their purposes. The pressures of the modern world may have stimulated widespread questioning of these traditionally defined purposes, but the models which have been emerging in response to these pressures have been too narrowly focused in terms of their own purposes. Thus market government is based upon too restricted a conception of the public interest to provide satisfying answers to any of the basic questions of governance. Participative government has to date proven incapable of comprehending the broader systemic characteristics of administration and governance. Flexible government overemphasizes process at the expense of structure. Deregulated government is too tightly focused on the allegedly negative features of governments to have produced a positive framework of governance.

Until one of the reform models—or more likely, some synthesis of two or more of them—gains the capacity to handle all the dimensions of governance (including the cultural), the central message of this essay could most appropriately be expressed in a paraphrase of Freud: organization and its discontents.

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