

Prudence and the Politics of Public Management

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Considerable attention has been paid in moral philosophy in recent years to the ‘forgotten’ virtue of prudence. The revival of interest in this concept has made some impression on studies of politics and public policy (Goldhamer 1978; Banfield 1977; Beiner 1983, Bellah 1983, Anderson 1977; Dunn 1990; Iannone 1994; Jackson 1996; Hammond 1996; Heineman et al. 1997). This is hardly surprising since prudence, however understood, has always been regarded as a prime virtue of politics. The idea has also received some attention in the field of administration (Formaini 1990; Cooper 1991, 2001; Hart, 1984, 2001; Terry 1995; Edmondson 1998).

I will argue in this paper that applying the concept of prudence to the bureaucratic reforms that have been underway in most liberal democracies for several decades seriously challenges their own self-understanding. I claim that the rationale, progress and problems of modern public sector reform can be best understood in the light of a specific question: how simultaneously to foster and to manage prudential wisdom in a reconstructed bureaucracy. It is an instance of the general question of how to manage what I call ‘the problem of prudence’.

The revival of prudence

The history of prudence – from Aristotelian *phronesis* (practical wisdom) to Latin *prudencia* to Machiavellian *prudenza* and thus to our own concept – has, according to the literature, been one of sad decline. In the modern era, Adam Smith described prudence as a virtue relating to the proper care of an individual’s health, fortune, rank and reputation. It was the parsimonious virtue of the sound banker that commanded “a certain cold esteem” but was not entitled to “any very ardent love or admiration” (Smith 1971, VI, i, 6, 14). In the work of Immanuel Kant prudence lost its status as a virtue altogether and became wholly identified with cautionary self-interest. Prudence could be no part of morality since, on the Kantian view, moral reason excluded an individual’s actual inclination or advantage. One did right when, by an act of pure will, one imposed a rational moral law upon oneself even against personal desire or advantage. Indeed moral action was more meritorious when inclination was strongly opposed. Such impersonal moral laws could be deduced from pure reason and were thus necessary-in-themselves and universally applicable to all rational individuals in any possible situation. They enabled a person to know the right thing to do quite independently of any ‘empirical’ experience, and independently also of particular circumstances or likely consequences. Prudence might counsel that telling a lie was forgivable, even necessary, on occasions where the consequences of truth-telling appeared grim, but the moral law forbade lying in *any* circumstance (Kant 1929, 268ff).

Nothing could be further from the classical virtue of practical wisdom (*Nicomachean Ethics* [NE] Ch VI). For Aristotle, practical wisdom was an accomplishment of character molded by habit, wise mentorship and experience. It was

demonstrable only in the concrete judgments made by an intelligent individual acting in various, highly particular circumstances. It had nothing to do with impersonal, universal and certain laws. Mathematical science might lend itself to certainty, but practical life was characterized by mutability and restless change. No two real-life situations were ever quite identical, and therefore the application of an invariable rule was inappropriate, not to say rather stupid. The best decision in any given circumstance inevitably took into account applicable rules, principles and conventions, as well as the sensitivities and interests of people affected, but could not be not defined by any of these. Dealing effectively with the challenges presented by eternal novelty required the ability to judge particular situations on their individual merits, and a capacity to act accordingly. This did not of course exclude intelligent generalization. Experience taught that, though life was forever contingent, it was not absolutely so. General lessons could be drawn which the prudent person could apply thoughtfully – never mechanically or peremptorily – to particular cases (*NE*, 1141b15).

Practical wisdom therefore implied intellectual capacity, but for Aristotle it also implied virtue. Indeed, he held that *phronesis* encompassed *all* the virtues – courage, temperance, generosity, magnanimity, mildness, humour, and truthfulness. Practical wisdom was, in other words, a matter of personal character, and specifically of a character that had been habituated to virtue and tempered by long and wide experience. It implied an attitude quite distinct from the habitual parsimony and caution we usually associate with prudence. Though wisdom may indeed counsel caution in certain situations, it was likely to demand bold action in others. The ability to discern the difference was a matter of virtue. Virtues were states or dispositions of the soul that became activated in actions toward the truly best or most appropriate ends according to wise judgments of contingent necessities (*NE*, 1143b256). Practical wisdom was impossible without this virtuous orientation, which was why prudence formed part of Aristotelian ethics (*ethos* meaning precisely ‘character’). It was an ethics less concerned with averting intentional wrongdoing than with discerning appropriate means to genuinely good ends.

If the question were asked “Good for whom?” Aristotle’s answer was, in the first instance, for prudent persons themselves. This did not imply, however, a narrow individualism. Aristotle held that all human action aimed at the individual’s good or well-being (*NE*, 1140a27) but he was not a modern individualist. The liberal night-watchman state that exists solely so that its members might safely pursue their individualistic goals would have seemed inadequate to him, and in fact he explicitly rejected such a conception in *The Politics*. For Aristotle, man was *zoon politikon* – a political animal – meaning a naturally social being who could find complete human fulfilment only in the active life made possible by the developed polity (*Politics* I, 2, 1253a2). Political science was therefore the highest practical knowledge since it necessarily subsumed all the other sciences concerned with action that aimed at the general good – military science, economic science and rhetoric. Aristotle asserted that, “while it is satisfactory to acquire and preserve the good even for an individual, it is finer and more divine to acquire and preserve it for a people and for cities” (1094b9). But this demanded that practical wisdom be applied to economics, legislation, and politics, both deliberative and judicial. This was why Aristotle thought ethics a necessary foundation for political science.

In contradistinction to the Kantian view, then, Aristotelian ethics emphasized the particular rather than the universal, the education of inclination rather than its willful overriding, discretionary judgment rather than obstinate rectitude, and personal character rather than impersonal laws. Aristotle was not, of course, against laws as such – indeed he believed that laws that had lasted a long time must have done so because of their inherent wisdom (though even these had to be applied to particular cases with discretionary care). But laws, justly imposed by a polity for the sake of order and efficiency and backed by sanctions to ensure compliance, were necessarily external to the person. Ethics, in contrast, could not be a matter of the imposition, not even self-imposition, of laws on potentially errant and willful characters. The central ethical question was how a person might develop interior habits of virtue conducive to living the good life (good in the broad sense of ‘fully satisfying’ rather than just morally good). Once the Kantian definition of morality as rational law had been established, however, the distinction between law and ethics became radically attenuated if not altogether lost.

Many contemporary theorists have argued that much else was lost in the occlusion of virtue ethics and the consequent downgrading of prudence (Gadamer 1975, MacIntyre 1987, Kahn 1985, Bernstein 1985, Nussbaum 1986, Den Uyl 1991, Dunne 1997). The central claim is that there has been a general loss of real understanding about what it means to act appropriately and effectively in any area of life. A particular target of those seeking to reinstate the virtue of prudence has been the modern propensity to substitute technique for genuine judgment. Joseph Dunne, for example, in the introduction to his book on practical judgment, tells of his own dissatisfaction when, as a teacher in the 1970s, he was introduced to a ‘behavioral objectives model’ that pretended to offer ‘rationality’ and ‘efficiency’ in teaching. Teachers were required to formulate specific goals (learning-outcomes) for each lesson and then to plan their teaching as a series of instrumental steps toward achieving them. This approach, it was proclaimed, would determine the methods, activities and materials to be employed, provide clear-cut criteria for evaluating success, and permit teachers to be held accountable for performance. Dunne’s observation that no good teacher that he knew ever proceeded in this manner, and his suspicion that if they did their teaching would be less good, set off his inquiry into the deficiencies of ‘technique’ and his investigation into what really constituted ‘rational action’ in general (Dunne 1997, 1-8).

Anyone who has seen or undertaken a public sector training course, managed a governmental program or worked in public policy will instantly recognise the model Dunne criticises. Technical approaches of this kind constitute one attempt to find a substitute for prudence in public management. This is not to say that the problem has been identified as such by theorists or practitioners in the field. Indeed the fact that it has not explains the apparent faddishness of the waves of prescriptive change that have swept over and through public sectors in recent times. Change was held to be necessary, and any plausible justificatory theory to hand would serve, however poorly it fit with public sector conditions. When one failed, others were applied in a spirit of equal bravado. I will argue, however, that many of the reforms were rather purblind attempts to solve what I will call *the problem of prudence*.

This problem can be stated as follows:

The best political decision or action is the properly prudent one. But prudence presumes the existence of a discretionary power that can be abused or misused. There is

therefore a perennial tension between the need to allow freedom for the sake of good decision-making and the urge to control decision-makers so as to prevent abuse or folly. Attempts are made to forestall the danger by imposing customs, laws and institutional checks, but if these become too constraining they form impediments to the exercise of necessary prudential judgment. As the constriction worsens, demands arise for a loosening of institutional reins. This uncertain oscillation between trust and distrust, freedom and control, is characteristic of the problem of prudence.

It is a problem intrinsic to all politics as we can see if we look at the enduringly uneasy relationship between prudential wisdom and power.

Prudence and power

In general, we may say that real political power exists where there is a combination of (a) the institutional capacity to make authoritative decisions affecting the whole social-political system or any part of it, and (b) the capacity to ensure that such decisions are carried into practical effect. The latter capacity belongs to the field of administration, decision-makers being effectively impotent if administrators either fail to carry out their wishes or subvert them to purposes of their own.

The establishment of a more-or-less stable and effectual political structure is always a considerable achievement, as the example of numerous historical failures and their consequences reveals. The peace and order of city, state or empire is crucially dependent on it. This means that one of the essential and prior goals of any political order is to maintain itself in effective existence. Beyond that, since political structures exist in theory for larger public purposes, their possible functions and goals may be very broad and, in modern instances, virtually unlimited. Satisfactory fulfillment of public functions and goals is generally seen as an important determinant of the continuing legitimacy of a regime.

Yet the establishment of effective political power, always resting on some variable balance between the command of coercive forces and public consent, inevitably creates the possibility of misuse. A power sufficient to determine and enforce claims of justice is, by the same token, a power capable of committing larger injustice. There exists a perennial temptation for office-holders to use power for private or sectional gain rather than for general public purposes (which the ancient Greeks called tyranny and we call corruption), though succumbing to it has always been regarded as a perversion. There are also other ways power may be invidiously used. A strong government may try, not just to serve and preserve existing social goals and interests, but to redefine and reorder them – to impose, for example, strict communism in the place of rampant capitalism (or vice versa).

This omnipresent problem of the uses and abuses of power has, since classical times, provided political theory with a certain set of interrelated questions – viz.: how to determine the proper goals of society and thus the proper functions of government; and how to structure political authority and recruit political personnel so that specified goals can be accomplished even as perversions of selfishness, folly or misguided fervour are effectively avoided.

The classical Greek authors argued that good political rule required finding the best rulers, and the best rulers were those who possessed the finest wisdom. The problem

for political theory, therefore, was to imagine or discover the social-political arrangement that ensured that the best people were first trained in wisdom and then appointed to highest office. Yet the Greek masters would ultimately conclude that disinterested wisdom, even if essential for political leadership, is impossible to guarantee given that all men are liable to be swayed by self-interest, enthusiasm or passion. Relinquishing as unrealistic the hope of consistently achieving rule by philosopher-kings, they put their faith instead in good laws. The passionless, prudential wisdom of these was taken as proven either by their longevity or by the fact they had been laid down by an exceptionally prudent law-giver, a Lycurgus or a Solon. (The latter solution would be revived in the 17th century by Rousseau in his hope for laws that would express an ethical 'general will'). Yet Aristotle saw the problem with this remedy immediately on proposing it, namely, that even prudent laws must be interpreted and administered by fallible, often imprudent men.

Nevertheless, the ideal of the rule of law rather than of men would eventually become a cornerstone of the Western tradition of political theory. It would be supplemented and supported by theories of governmental design that sought to put institutional checks and balances on power and to provide means for scrutinizing power-holders and calling them to proper account. Such devices softened considerably the harsh lineaments of power but could not abolish entirely the problem of prudence – that is of how, in general terms, to ensure the prevalence of practical wisdom in the conduct of governance.

Yet if the problem was not solved, it was at least theoretically *dissolved* by a significant new understanding (or hope) characteristic of modernity. The argument was made (beginning with the determinedly anti-Aristotelian Hobbes) that the methods of science could be substituted for classical prudential wisdom (Den Uyl 1991, 114). Classical prudence had emphasized the changeability of the practical world and the differences inherent in each particular situation – differences that a person of prudential wisdom had necessarily and sensitively to accommodate when making decisions and taking action. But this implied that there could be no general solutions to particular problems, and therefore no certain practical knowledge. The modern understanding, however, coveted “general, eternal and immutable truth” in human affairs as much as in physics, chemistry or mathematics (*Leviathan*). Hobbes argued that we could have such *a priori* certainty in politics and ethics since the source of the laws and covenants that determine what is to count as justice and equity is only “we ourselves”. Universal, ‘natural’ laws about government could be deduced from premises about an invariable human nature. Application of these laws would assure order and tranquility, the necessary foundations for art, industry and prosperity.

Thus began a tradition at the centre of which was no longer the situated judgment of a particular, unique individual bringing his or her general wisdom and experience to bear on a particular, unique situation. Instead there were impersonal and general rules or laws that could be validly deduced or discovered and then technocratically applied to human situations in order to provide rational and predictable outcomes. Just as the individual exercise of human virtue gave way to the impersonal application of moral laws, so did political judgment give way to scientific pretension, to the Baconian hope and expectation that knowledge was power in the human as well as the natural realm. The scientific understanding of the (presumed uniform) laws of social behaviour would lay

the foundation for a rationally ordered society and polity. Of the very many manifestations of this hope in social and political theory, Jeremy Bentham's ambition to turn legislation into a science may be taken as representative. Good government consisted in rationally addressing social problems by scientifically analyzing their causes and conditions; this analysis then informed the legislative rules that commanded appropriate solutions. In such a technocratic-scientific view of the function of government there was little room for classical prudence.

And little room, coincidentally, for politics.

The hope that 'government' could be rationally ordered was, in part, the hope that 'politics' could be correspondingly abolished – or at least thoroughly tamed by being drastically constrained. Politics (in the sense of contestation) was the realm not of reason but of competitive human passions, ambitions, interests and prejudices. Outcomes in politics were determined, not by scientific reason and technical rules, but by all possible or available means, including the application of force and pressure, bargaining and horse-trading, emotional rhetoric rather, even trickery and deceit. The realm of politics was, therefore, strictly 'irrational' on the technocratic view, and consequently to be distrusted and if possible circumvented. Yet the ineradicability of politics (short of totalitarian control) meant, paradoxically, that there remained a realm where the qualities associated with classical prudence still pre-eminently counted. In that always shifting, uncertain and often treacherous realm, the dream of perfect predictability and control was unrealisable. The people who survived and thrived within it had to be adepts of contingency. They tended to be experienced practitioners with an instinct for power, an acute judgment about both the prevailing balance of forces and the character of other players, and a capacity for decisive action.

Such a class could include, of course, clever hacks and villains. Cleverness, as Aristotle noted, can be employed for either good or ill (*NE*, 1144a23). Yet the existence of rascals only pointed up the fact that the hope for good government rested crucially on finding statesmen of genuine prudence. (It is significant that studies of leadership remained one locus of academic study where the virtue of prudence has generally been tacitly admitted.) Such statesmen must be both intelligent and ethically motivated, people for whom politics was, as Weber expressed it, a 'vocation'. Of course, for Weber, politics was not merely technically irrational but 'ethically irrational' since even the best-motivated practitioners had perforce to use dubious, coercive means to achieve decent ends while being forever uncertain that their most careful plans would result in the outcomes intended (Weber 1970, 127). The vocational politician was acutely sensitive to this fact, and thus remained alert to the contingent realities and contradictory consequences of political action while yet maintaining commitment to some ideal or end that made the game worth the candle. Weber (understood aright) articulated a principled position of 'responsibility' that lay between the extremes of the zealot – whose single-minded conviction produced blindness to actual consequences – and the cynical political 'operator' – for whom the game was either a means to selfish ends or had become an end-in-itself. It was the Weberian version of the classical ideal of practical wisdom.

Prudence and bureaucracy

Yet it was Weber, famously, who was the first great anatomist (though hardly apologist) of the rational-technological tendency of modern government. This tendency was nowhere more clearly evidenced than in all that is encompassed by the term 'bureaucracy'.

The growth of bureaucracies turned the administrative apparatus of government into a huge machine whose operations aimed at efficiency and whose outputs aimed at predictability and control. The interlocking and hierarchically arranged offices of a bureaucracy were as functionally distinct as the processes of any mass production factory, and possessed as little independence of action and decision. They were, in a very real sense, the concrete realisation of the Kantian view of virtue. Bureaucratic virtue consisted in acting always and utterly in conformity with specified rules or, otherwise, strictly in obedience to orders from above. Such bureaucratic machines had nothing intrinsically to do with democratic government, and indeed were based on the example of military organizations (as also were great capitalist enterprises that emerged after the American Civil War). Their ultimate origin lay in the desires of absolute monarchs to ensure the efficient translation of their untrammelled political wills into practical reality. Bureaucratic action was thus, and quite deliberately, the very antithesis of prudential action. Bureaucratic government established a decisive separation between the field of politics and the field of administration that hitherto had not been clearly distinguished in practice. The former became originative of policy or legislation, the latter a purely instrumental means for its implementation and administration.

Whether the will of the ruler was itself informed by practical wisdom was always open to question and a matter of chance. In absolutist systems progressive citizens had to hope for the emergence of a suitably enlightened despot. Insofar as evidence of good government might be thought a key to continuing legitimacy, incidentally, it was significant that the growth of the rational-legal structures of bureaucracy, along with the triumph of legal positivism in the 19th century, tended to make the fact of power more important than its judicious exercise. If a valid law was simply one that, whatever its content, had been correctly promulgated and was regularly enforced by the established authority, then the idea of the rule of law as a substitute for or guarantee of prudence became a nonsense (since constitutional rule of law always implies 'good law'). As Weber noted with regret, law in the modern state had become merely a functional instrument of power in the service of particular interests, lacking in any 'sacred content'. This, of course, was another aspect of what Weber called the 'disenchantment' of modern life. Yet the traditional mystique of law remained highly useful to those in power. Enduring public respect for law and its forms meant that merely following a formal procedure was enough to confer legitimacy on any command or action. The result was the virtual identification of legality with legitimacy, a fact Weber regarded as unfortunate but irreversible. As with bureaucracy, technical or instrumental rationality occludes or is conflated with *value*-rationality (Weber, 115). Thus, as an extreme but telling example, the Nazi state could turn mass murder into a regular duty that mundane functionaries could perform as an ordinary job simply through the bureaucratic routinisation of the processes of extermination (Arendt).

Liberal democracies, however, effectually preserved the faith that legitimacy was something more, and more fundamental than, mere legality. The exercise of power was not self-justifying but was taken to reflect, ultimately even if imperfectly, the will of the

people or at least the majority of them. Whether this will was or was not itself properly prudential was, of course, one of the most unsettling questions of the doctrine of popular sovereignty. Nevertheless liberal democratic systems, by virtue of their traditions of deliberation among non-delegate representatives, preserved some faith in the possibility of regular prudential judgement by governments. Yet democracies were by no means immune to the rationalising processes of bureaucratisation or the positivisation of law. The point of the Northcote-Trevelyan reforms in nineteenth century Britain, later more rigorously adopted in Australia, was exactly to replace traditional amateurism and cronyism in administration with an impersonal, depoliticised, professional bureaucracy. The importance of maintaining a clear distinction between professional bureaucratic administrators and policy-makers was most forcefully expressed by Woodrow Wilson. Public decisions were the rightful prerogative of democratically elected representatives. The legitimate actions of *appointed* bureaucratic administrators were restricted, by and large, to carrying out those decisions as faithfully as possible. Bureaucracies remained mere instruments of an authoritative will. The difference was that in democracies they were specifically theorised as neutral instruments capable of serving one party as well as another in deference to the people's democratically expressed preference.

Despite this instrumentality (or rather in order to make it effective), there nevertheless existed significant space for prudential reasoning in the peak positions of the bureaucratic structure. With administration fully professionalised, with merit recognised and rewarded, with life-time career structures in place and career bureaucrats significantly honoured, the administrative heads of great departments, and of the service as a whole, became important and influential (though seldom publicly known) figures. They formed a new elite corps recruited from the brightest and best, often educated in prestigious schools specifically geared to bureaucratic training. Once at the top of the administrative hierarchy, career bureaucrats found themselves strategically located at the critical boundary between politics and administration, a boundary they were careful to both preserve and to police. Possessing an intimate knowledge of all formal and informal aspects of the bureaucracy, the so-called mandarins were also familiar with the needs, habits and aims of policy-makers at the highest level. Given their advisory functions and their security of tenure, these permanent chieftains of the civil service were in a unique, and uniquely secure, position to influence the shape and direction of almost all public policy. It was a role that required the highest experience, the most sensitive alertness to political currents, the utmost discretion and the most delicate judgement – in other words the finest prudential wisdom. It was little wonder that the best examples of this unpartisan (but hardly unpolitical) breed were often credited with being the real authors and guardians of good long-term governance.

Prudence and administrative reform

But bureaucracy, whatever the quality of its leadership and for all its instrumental effectiveness, had vices that had been long known and enumerated. It was in traditional critiques of bureaucracy that contemporary reforms of the public service found their rationale if not necessarily their causal motivation. As governments felt the pressure of rising public demand combined with increasing fiscal constraint, two interrelated concerns affected their views of the public sector: limiting public expenditure and gaining

control of the bureaucracy. The latter appeared to be a prerequisite for the former. A vast, permanent bureaucracy with a monopoly on technical knowledge represented an alternative repository of power that could be used to defeat governmental purposes rather than fulfil them, either through hostility to those purpose, through sheer inertia, or simply to preserve entrenched bureaucratic interests. Strong and secure civil service heads, far from being loyal servants of government who reliably tendered frank and fearless advice, might instead be a collection of ‘Sir Humphreys’ subverting at every turn the legitimate aims of elected governments. As electoral pressure increased on politicians, the huge expenditure of taxpayers’ money on an allegedly self-serving and errant bureaucracy was argued to be unjustifiable. Governments felt the need to regain control of their bureaucracies in order to ensure more reliable and more efficient outcomes.

All the waves of reform that followed had (at least) those aims in view. One notable development was the dismantlement of the old site of prudential wisdom in the higher reaches of the civil service. This was accomplished by removing tenure from senior public servants and introducing fixed-term, performance-based contracts. What followed is commonly called the ‘politicisation’ of the upper levels of the service. By this is meant that senior servants were now dependent on the politicians who employed them and liable to share their fate if the government fell. Their loyalty was (at least structurally) no longer to higher, ‘apolitical’ ideals of professional public service but to a particular political party. If this made them more political in a partisan sense, it was calculated to make them much less political in the wider sense of being politically sensitive sources capable of swaying policy through an informed and independent judgement.

Yet if governments desired, through this and other means, to bring the bureaucracy to heel and to make it more responsive to the political will, they also wanted a reformed service to be more adaptive in implementing policy, more responsive to public demands and more capable of achieving effective outcomes in return for public monies spent. Diagnoses of the failure of bureaucracy always dwelt heavily on the alleged slowness, stupidity, inefficiency and inflexibility of its decisions. The old obedient, rule-governed civil servant would simply no longer do. Public servants were now to be managers rather than administrators. The values, ethos and intent of managerialist reforms were well encapsulated in the slogan ‘managing for outcomes’. The reforms aimed at creating a cadre of managers with both the skills and freedom needed to run well-planned public programs in a way that optimally achieved clearly defined objectives. The pragmatic values informing managerialism were efficiency, economy, effectiveness and productivity. The qualities that managerialism applauded were creativity, flexibility, entrepreneurialism, capacity for independent and discretionary judgement, ethical competence, policy-awareness, and sensitivity to political factors.

What was demanded, in effect – though it was never stated or understood in this way – was that the exercise of prudential wisdom once expected of senior administrators should now be widely dispersed throughout the entire service. The real story of public service ‘politicisation’ was not just that the strict boundary between political and administrative realms had become blurred by the cooptation or emasculation of civil service mandarins. It was that the old way of conceptualising this boundary no longer made sense once capacities and qualities appropriate to the political sphere had been required to percolate to the office floor. Yet the same conundrum that afflicted the senior

service – how to combine good, independent decision-making with effective political control – now pervaded the entire bureaucracy.

A necessary precondition for managerialism was that authority, formerly hierarchically ordered, be devolved and dispersed. Managers, unlike administrators who require careful supervision, must be left free to manage. They must be granted discretionary power over the sourcing and deployment of budgets, over the implementation of policies and programs, and over the recruitment and rewarding of personnel. In an era of commercialisation and outsourcing, they must also have the freedom and capacity to procure services according to their own best judgement, and be able to negotiate and supervise contracts sometimes involving considerable sums of public money. They must display initiative and be prepared to take calculated risks. Moreover, in giving multi-skilled, multi-tasked workers at all levels discretionary responsibilities for program design, implementation and evaluation, the reforms inevitably involved them in policy in a way unknown to the purely process-oriented functionaries of old. Since policy is inherently political, politicisation of a certain kind now went all the way down. Public servants were required, under a corporatist model, to understand their place in the grand scheme of things, and to appreciate their role in faithfully translating policies into action, or in feeding information back into the policy process so as to enable improvement.

The shift from a public sector ordered by rules and a doctrine of strict obedience to one ordered by values, principles and relative freedom was, in essence, a move from the Kantian to a prudential version of administration. But once the old straitjacket of rules had been loosened the problem of prudence immediately reasserted itself on a grand scale. How was government to ensure that new freedoms and new capacities to influence policy remained benign? How was the exercise of prudential judgement at all levels to be guaranteed – as apparently it must be if politicians were not to be fatally embarrassed by rogue managers? The liberty granted for the sake of better outcomes was, like all liberties, one that could also be abused or misused. The bureaucracy must be freer if it was to do better, yet it must remain crucially under political control. Government insistence on greater discretion was therefore always quickly supplemented by the assertion of new and different forms of discipline intended to limit freedom and direct it into virtuous channels. These disciplines were, in effect, attempted substitutes for genuine prudence among managers.

Some hope for order amidst freedom was placed in the mastery of technique by public servants. The technical approach to a question involved clear identification of goals, rational deliberation about alternative solutions, performance of cost-benefit and risk analyses for each, and choice of that alternative which emerged superior on the data so formed. The seductiveness of this approach was that it promised to remove most of the dangers of deficient, errant, or ‘intuitive’ judgement by individuals. Yet technical solutions were no more than sleights-of-hand that concealed beneath their rationalistic form certain prior, non-technical judgements on such matters as which issues to address, how to define them, the alternatives to be admitted, and the criteria to be used to measure costs, benefits or risks. When the technical solution ran afoul of complex political reality, as it invariably did, it was supplemented by a demand for extensive consultation of so-called stakeholders. Exposure to multivariate interests and opinions was expected to accommodate or placate conflicting forces and thus facilitate broad acceptance of

eventual decisions made (hopefully) on properly technical grounds. Consultation became, in effect, a means of conducting the politics of decision-making, though it was seldom recognized as such and in fact often confused with an extension of democratic deliberation beyond the bounds of representative government (Kane and Bishop 2002). Yet even here, the need for properly prudential judgement could not be avoided – for example in necessary judgements about when to consult, who to consult, how long and how extensively to consult, and so on.

A different governmental answer to the problem of prudence was to supplement new freedoms with new measures of accountability. Public managers were confronted, for example, with a body of New Administrative Law intended to subject administrative decisions to greater transparency and to wider legal scrutiny and possible redress. Further, new accountabilities to ‘clients’ and to various bodies with special supervisory authority, especially over financial matters, were added to traditional democratic accountabilities to Ministers and Parliament. The freedom to manage budgets was, given the reporting requirements that accompanied it, also a disciplinary mechanism for ensuring that discretionary spending was justified by adequate or superior performance (sanctions for incompetence or failure being of course implied). The introduction of Key Performance Indicators, intended to encourage the realization of beneficial goals and outcomes, had similar disciplinary connotations given that a person’s pride, promotion and perhaps career depended on their fulfilment, or at least on their apparent fulfilment.

And herein lay the rub. The political reality was that measures designed to ensure prudential action were quickly seen by the actors involved as mechanisms that could to be, and must be, negotiated and manipulated to provide that appearance of satisfactory performance upon which their own continued well-being depended. This was merely prudent behaviour on their part.

The same phenomenon could be seen in a new public sector emphasis on personal ethics. Wider freedom and a larger involvement in commercial transactions afforded wider opportunity not just for incompetence, but for corruption and fraud. The regime of values that had replaced the regime of obedience to rules seemed to demand greater ethical understanding and responsibility among public servants. Ethics units were therefore created in government departments and charged with fostering and upholding ‘an ethical culture’. Their task was to field and process complaints, to respond to inquiries, to encourage ‘whistleblowing’, and to teach the dimensions of ethical decision-making by using instructive stories and scenarios. Ethics courses now featured in training programs alongside courses in organisational management, occupational health and safety, and legislative compliance.

Yet this was an ethics directed at recognizing and preventing wrong-doing rather than a wider prudential ethics of good decision-making. Though its purveyors were uneasily aware that their lessons were directed toward nurturing ‘good’ character among employees, they had no strong theory of what this meant or how it could be accomplished. There was not even a clear position on the propriety of going beyond traditional concerns that public servants ‘keep their noses clean’ to intervene in the private business of an employee’s personal character. At any rate, the ethical instruction involved was not generally taken seriously by the people subjected to it and had little real effect on the actual operations of new public management. The fact was that people generally knew right from wrong when it came to matters of fraud, deception or waste,

and those disposed to do wrong were hardly likely to be influenced by ethical training or admonition. Realising this, some people in the newly flourishing 'applied ethics' industry were inclined to fall back on the application of new laws that would *make* public servants (and even elected politicians) be good even if they *would* not. Meanwhile genuine ethical dilemmas that had to do with hard but necessary decisions in what Weber called an ethically irrational world were, by and large, ignored.

Prudence and public leadership

It was generally realized that an ethical culture could not be expected to emerge unless consistently fostered from above. In part the new demand for leadership among public servants related to this issue. Senior managers must be leaders who would act as moral exemplars. But the leadership question should also be seen in the context of all the different attempts to deal with the problem of prudence. It is important to reflect just how truly revolutionary the demand for leadership is in the context of a historical tradition emphasizing instrumentality and obedience. With the repudiation of Kantian imperatives in favour of a prudential bureaucracy, something more seemed to be needed from bureaucrats than tradition warranted. Even the concept of corporate management appeared, in the end, insufficient. The new bureaucrats must be more than managers: they must be dynamic, visionary, and innovative leaders.

It was not clear, however, what kind of leadership could be safely adapted to the public sector. The leadership instruction that was provided tended to draw heavily on an existing, intentionally inspirational literature mostly geared to corporate business executives (Robbins et al. 2001). Typical admonitions from this field were: that leaders never command followers but always persuade (Gardner 1990); that leaders teach, inspire, show consideration, offer emotional support, set high standards, give frequent feedback, provide assurance in the midst of uncertainty, and bring clarity amidst confusion (DuBrin 2001); that they are pathmakers and guides who establish values and directions, who lead by example, who question and innovate, who create visions of the future, and who energise people to develop their full potential (Parry 1996). All of this was highly idealistic rather than realistic, and almost certainly not reflective of actual leadership as practiced in the cut and thrust of corporate life. Nevertheless the effort to realize it in the public sector once again revealed an incipient desire for genuine prudence in the operations of the service.

If we return to classical theory, we can see that prudence necessarily implied a theory of leadership. Aristotle had, for example, no expectation that practical wisdom of the broadest kind would be found among more than a few exceptional people. It is, for one thing, difficult to acquire, needing long experience in dealing with particular practical cases. This is why it will be seldom (never, according to Aristotle) observed even in very clever young people who may understand the most complicated mathematics with ease (*NE*, 1142a13-21). Though not therefore identical with what we call academic ability, it requires the intelligence to deliberate well on both the general and particular, error being possible in either case (*NE*, 1142a22). Genuine practical wisdom is also rare because most people, as Aristotle admitted, take a very narrow view of prudence (one much like our own). They believe it to be concerned only with their own private business (*NE*, 1141b30) and are liable to mistake pleasure (*NE*, 1095b16), or honour (*NE*, 1095b23), or

money-making (*NE*, 1096a7) as the highest good. Aristotle argued that genuinely prudent people understood that one's own welfare necessarily extended to good household management (economics) and good political management (*NE*, 1142a1-10).

Further, Aristotle claimed that we could understand prudence best not through academic learning but by observing people who are generally agreed to exhibit practical wisdom (*NE*, 1140b1). Seeing the consideration they gave others (*NE*, 1143a19-24), the goodness of their ends (*NE*, 1140b4-5), the quality of their deliberations on the best means to achieve these in particular circumstances (*NE*, 1142a1-10), and the correctness of their consequent actions, we would come to comprehend the real nature of prudence. Such comprehension is necessary though not sufficient since it concludes merely in a judgement, whereas practical wisdom concludes in the best *action* (*NE*, 1143a7-15). Only the experience of acting on our deliberate judgments over an extended period can lead us to prudence.

The leadership implied by prudence is thus ostensive rather than demonstrable, exemplary rather than admonitory. How can such prudential leadership be translated in the public sector environment? For a start it is clear that the problem of prudence is, in the end, a problem of who to trust with discretionary responsibility, and how far. This is a question that can only be answered through familiarity with individuals and experience of their character and ability as this is manifest in responsible action in a challenging environment. One can always expect to encounter a fair amount of absurdity and irrationality in even a reformed bureaucracy (or any other part of life), but the prudent manager gets necessary and useful things done despite this, and without giving undue offence to those who are wedded to absurdity. It would therefore seem that more attention should be paid to the question of character as displayed in effective practical action than to mastery of technique or facility in deploying the rhetoric of new public sector management. Of course character, interpreted in terms of honesty and competency, has always been valorised in public service recruitment. But to be an effective manager in the public sector requires more than integrity and technical competency; it requires a particular sensitivity to the constraints imposed by a unique environment and an ability to act prudently within it.

We have already noted that prudence demands different things in different circumstances. With regard to the question of leadership, the particular, unique circumstances of the public sector cannot be ignored. The prudent public sector leader is unlikely to be the visionary, 'boldly going' type that stalks so much of the current literature, but rather the clear-headed, pragmatic kind whose leadership may be scarcely noticed by those he or she influences. Despite much of the rhetoric of modern reform, public servants remain the *servants* of political masters, ultimately of the public, and their practical choices are therefore more closely circumscribed than those of private agents. Prudent public managers, though they may be urged to adopt an 'entrepreneurial' attitude, will understand that they inevitably have stricter limitations imposed on their actions than private sector leaders. They inhabit and must act within a complex political and legal environment where failures or missteps, even slight ones, can be immensely consequential in political terms. Also, the public sector remains, and will remain, far more rule-bound and legalized than the private; if public managers are to safely navigate the web of rules they will need to be acutely sensitive to this fact. Finally, because their work is in the nature of a public trust, and because their position is defined within a

structure of democratic political authority, the legitimacy of any action managers may take is always far more open to challenge than those of their private sector counterparts. Prudent public managers will be those who are capable of acting and leading effectively without endangering this legitimacy.

Conclusion

Aristotle said that people often take active political or judicial decision-making as the whole subject matter of 'political science' but noted that 'legislative science' was also an important part of practical wisdom (*NE*, 1141b25-29). In other words, the regulatory environment in which action occurs can itself display wisdom, presumably when the order it represents and enforces enables rather than discourages genuinely prudent decision-making. But too often the rules and prescriptions installed to guide wise choices, or prevent unwise ones, become the chief barriers to realizing desirable goals.

The fact that many useful things do nevertheless get regularly done by government may be a testament to the unacknowledged prudence of individuals who are adept at negotiating such barriers while keeping an eye both on their own safety and on the professional goals they seek to accomplish. Prudence properly begins with the individual's own well-being and then extends to the world in which the individual is enmeshed. It is generally desirable, therefore, that the rules, roles and expectations governing that wider world are such as will support rather than threaten individual well-being, so that prudential action can be focused more fully on the larger goals of government.

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