

Reforming the State: Managerial Public Administration in Latin America edited by Luiz Carlos Bresser Pereira and Peter Spink. Boulder and London: Lynne Rienner, 1999. Pp.213; index. \$55.00 (hardback). ISBN 1 55587 374 X

After almost two decades of reform, Latin American faces the tremendous challenge of consolidating democratic governance and deepening market reform *simultaneously*. As a result, concerns have gradually shifted from the relation between regime type and economic performance, to the intricate links between regime quality and economic performance. At this critical juncture, the reform of the state and the modernization of public administration become critical.

Reforming the State is an elegantly written and consistently structured book that scrutinizes Latin America's attempts at remedying the intrinsic weakness of its states and the fragility of its democratic governance. Indeed, the state is both indispensable and inadequate: the hierarchical and bureaucratic model of public administration has become obsolete as demands for efficiency and effectiveness have become more acute. As Brazilian President Fernando Henrique Cardoso notes in his foreword, 'to reform the state does not mean to dismantle it' (p.vii), but to recast it. The rehabilitation of the state in the development paradigm does, nevertheless, amend the neo-liberal precepts of the Washington consensus.

During the previous model of development based on modernization through import-substitution industrialization, the state has progressively become both bulimic and impotent. In the course of the 1980s, after the 1982 debt crisis, the crisis of the state became evident as a result of fiscal collapse, bureaucratic inefficiency and rent-seeking. By advancing the concept and practice of 'new public management', *Reforming the State* critically revisits the traditional notions of state autonomy and capacity. As Luiz Carlos Bresser Pereira and Peter Spink emphasize in the preface, 'whereas the neoliberal reforms removed the state from the economy, the social-democratic approach aims to increase and deepen the state's financial and administrative capabilities to implement government decisions' (p.xiii).

Bresser Pereira underscores in Chapter 1 that 'managerial public administration' involves not only reforming the institutional architecture of the state but also the modes of governance and the methods of government. There exists, however, a certain controversy on the applicability of such an approach, modelled on the experiences of Anglo-Saxon countries such as New Zealand, Australia or the United Kingdom. The volume centres on the recent experience with administrative reform in Brazil. In Chapter 6, Bresser Pereira, the architect of the reform in Brazil, describes his approach to the design, advocacy and adoption of the reform, which required amending the constitution. Nominated as Minister of Federal Administration and State Reform in late-1994, he assembled the reform package relatively swiftly and in mid-1995 the *Plano Director da Reforma do Aparelho do Estado* was introduced in Congress and subsequently adopted in 1998.

In chapters 2 and 3, Adam Przeworski and Donald Kettl discuss the goals and dilemmas of state reform. For Przeworski, 'the objective of state reform is to build institutions that will empower the state apparatus to do what it should while impeding it from doing what it should not' (p.15), thus suggesting that 'the quality of state intervention depends on the specific institutional design' (p.37). Using a 'principal-agent model' to resolve the multifaceted challenge of accountability, he argues that well-functioning government is one 'that allows governments to intervene in the economy, enables politicians to control bureaucrats, and enables citizens to control government' (p.37). Kettl remarks, however, that, while the necessity of state reform

is amply recognized, few governments have failed to implement reforms. Indeed, as William Glade notes in Chapter 4, state modernization is part of a broader process of policy and institutional change in the region, which encompasses political democratization and market reform.

In his insightful and provocative Chapter 5, Peter Spink notes that while administrative reform has been on the political agenda for over 70 years (for instance, in the case of Brazil, in 1936 and 1967), it has yielded meagre results. In particular, he points out that the results of the major reform initiatives have not been fully satisfactory (with a few notable exceptions), in contrast with the many promising experiences of more gradualist or incremental strategies, thus advocating, to borrow from Albert Hirschman, a 'possibilist' approach to state modernization. He accurately suggests that the current 'good governance agenda' provides direct or indirect support for reform as an a-historical and technical narrative. He observes 'a tendency to build dominant reform models on the technical voluntarist assumption within an ever-increasing spiral of complexity, without providing space for the critical assessment of previous approaches to reform or of 'reform' itself, must throw doubt on the current crop of reform ideas, independently of their individual and autonomous merit' (p.112). In a concluding chapter, Joan Prats i Català underscores the growing importance of new political configurations around the broader notion of democratic governability.

Reforming the State demonstrates that the neoclassical complacency about markets is no longer tenable. Even the most ardent neo-liberals now admit that markets cannot operate in a vacuum: they require an institutional framework that only governments can provide. Undoubtedly, *Reforming the State* is an important and timely book.

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