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# The “steering state” model: The emergence of a new organizational form in the French Public Administration

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## **Abstract**

Since the 1990s, a new organizational form of the administrative system in France has been steadily redefining relations between central administrations and local units of the state. Labelled “the steering state” or the “managerial state”, this new paradigm hinges on separating the strategic functions of steering and controlling the state from the operational functions of execution and policy implementation. The making of this new form of state organization involves two parallel processes: political and cognitive. For one thing, the adoption of concrete measures for “government at distance” results from power struggles between three major ministries (the ministries of the Interior, Budget and Civil Service). For another, a new legitimate “categorization of the state” is being formed in the major committees involved in the reform process of the 1990s; it is carried forward by top civil servants and inspired by the ideas of New Public Management.

*Keywords:* Public administration; Bureaucracy; Top civil service; Administrative reform; Reform of the State; New Public Management; Organizational forms; Devolution; France

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There have been numerous analyses by scholars in the field of public administration of the neomanagerial reforms of bureaucracies launched in many Western countries since the 1980s (for good overviews, [Pollitt and Boukaert, 2004](#); [Christensen and Lægreid, 2002](#)). Broadly speaking, these policies bring together various executive or legislative initiatives directed at the administrative system and aim to change the main rules constituting the Western bureaucracies set up between the 19th and the mid-20th centuries: political–administrative relationships; organizational structuring of hierarchy; recruitment, career and working conditions for public sector

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☆ Translated from French by Karen George.

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employees; mode of allocation, accountability and control of public expenditure; relationships between public administrations and their users. These public policies are specific for at least two reasons: they correspond to “constituting” policy issues (i.e., the setting-up or reorganizations of institutions); they claim a general applicability of their principles and instruments to all the different organizations, levels of government, bureaus and officials making up a national administrative system. Of course, their influence should not be overestimated: public bureaucracies change through many other channels than as a result of administrative reforms. Internal and autonomous reforms within ministries, generated by new policies and environments, changes in state activities and their impacts on administrations (Duran and Thoenig, 1996) or new practices of street-level bureaucrats (Weller, 1999) are important driving forces for administrative change. However, over twenty years, administrative reform policies have brought about significant reorganizations of state structures and the emergence of new institutions: consider, for instance, the major changes that occurred in the British administrative system with the creation of executive agencies, each specializing in a particular public policy, in place of ministerial departments (James, 2003); the reform of public sector employment in Italy, where the privatization of the working relationship means that the rules regarding the careers of public employees are defined by employment contracts (Capano, 2003); or the strong expectations raised by the reform of the French budget procedure, the Institutional Act on Budget Legislation (*Loi organique relative aux lois de finances* [LOLF]; passed into law in France on 1st August 2001; implemented from 2006), which entailed the use of many performance management tools that are also dominant in other countries.

In this article, we will defend the idea that studying the way the French state’s organizational form was constructed and negotiated in the 1990s can be a productive approach to capturing changes in the French administrative system. In particular, our objective is to understand how the chains of hierarchical authority that govern relations between different politicoadministrative levels (ministers, central administrations, local units of the state, etc.) on strategic issues such as distribution of areas of competence, resources, responsibilities and modes of control have been challenged and transformed. These changes can partly be seen as an intellectually driven revolution caused by the growing influence of the multipurpose doctrine of New Public Management (Hood, 1991). As successive strata of administrative reforms were laid down in Western countries from the 1980s, the NPM doctrine has played a major role, by criticizing inherited administrative structures and rules and offering new ways of organizing administrative systems. It borrows in heterogeneous fashion from economics, management theory and private-sector management practices (Pollitt, 1990; Merrien, 1999) but also picks up solutions from early reform experiments launched in “Anglo-Saxon” countries and from recommendations by transnational organizations such as the OECD or the World Bank (Sahlin-Andersson, 2002). “New Public Management” stands particularly for four new organizational principles, which are frequently found in differing combinations in Western states but together may be labelled “the steering state”<sup>1</sup>:

- separating and differentiating the strategic functions of decision-making, design and steering – as well as monitoring or evaluating public policies – from the functions, usually referred to as “administrative”, that involve responsibility for implementation, “simple” execution or actually meeting the cost of public policies;

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<sup>1</sup> This label (in French *État-Stratège*) was used for the first time in 1993 (CGP, 1993).

- splitting big vertical bureaucracies by decentralizing, devolving or delegating administrative tasks to the lowest levels of management in small autonomous administrative units in charge of specialized “public policies” (possibly using the form of the agency);
- strengthening the hierarchical role of managers in central or devolved government administration, making them “real bosses” responsible for their ministry’s specific public policies;
- rationalizing relations between central administrations and devolved services, with contracts defining the objectives to be pursued by the services, the resources granted and the methods for measurement and systematic evaluation of results and with an overall budget (including a personnel budget) and increased autonomy.

As Herman Schwartz (1994), Patrick Dunleavy (1997) and Oliver James (2001) have observed, NPM-inspired reforms have indeed redesigned the state organizational form in many countries (Great Britain, Sweden, New Zealand) and seeming to take up several elements of the multidivisional “M” form of big private firms, promoting small-sized administrative units that are focused on a single task and are managed more coherently and directly. In France, since the early 1990s, many elements suggest that large-scale reorganization work has been initiated revisiting relations between central administrations and local units of the state and that this has been considerably accelerated by the current implementation of the Budget reform. Of course, this redesign of French bureaucracy is not taking place in an institutional vacuum. Reformers are “embedded” in the legacies of administrative systems: their resources and attitudes towards change are partly patterned within inherited, structuring institutional arrangements – and these institutional arrangements cannot be reversed without high costs because of the existence of constituencies that are likely to veto any proposal that is going to threaten their autonomy and survival (see Pierson, 2004).

This article provides an empirical analysis<sup>2</sup> of how new organizational principles for the French bureaucracy were imported, reworked, negotiated and slowly implemented throughout the 1990s. After describing the new form of administrative organisation, as revealed by several official texts (Section 1), we shall go on to show that its adoption relied on two parallel processes, mutually influential but clearly distinct. On the one hand, concrete reorganization resulted, first of all, from power struggles internal to the state, which set in opposition three major actors (the Ministries of the Interior, the Budget and the Civil Service) who occupied the central positions of control of the whole state but were competing to draw up and claim new forms of hierarchy and control (Section 2). On the other hand, the concrete reorganization measures introduced by these three major actors were not a line-for-line copy of the organizational model defended in official reports of the 1990s. In seeking to understand where this paradigmatic model came from, we shall demonstrate that it derived from a parallel dynamic: some of France’s most senior civil servants, coming from the *grands corps de l’État* and free from any ministerial affiliation, have imported

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<sup>2</sup> Empirically, this article draws on research, conducted from 1995 onwards, for a thesis in political science (Bezes, 2002a), proposing a historical sociology of administrative reform policies in France from the 1960s to the 1990s. It also draws on analysis of changes that have taken place since 2000. The study relied on a combination of different methods. Firstly, at the centre lays an in-depth study of the activities of two major reform mechanisms – the Task Force on Organization of the State, known as the Picq Task Force (1993–1994) and the State Reform Commission (the CRE, 1995–1998) – based on numerous interviews and confidential internal documents consulted at the CRE during the Summer of 1998. Secondly, it made use of interviews with senior civil servants from the Budget Directorate and the Ministry for the Civil Service and State Reform, as well as a systematic scrutiny of a large body of grey literature developed by the ministries. Finally, it mobilized the literature of comparative analyses relating to administrative reform policies to New Public Management and – for France in particular – to decentralization, devolution policy and financial reforms.

an overall reorganization scheme by borrowing widespread NPM ideas that they view as helpful for the issues at stake in the French administration and useful for the specific problems they face as top French civil servants (Section 3). In conclusion (Section 4), we shall draw theoretical lessons from the two dynamics identified: we argue that they correspond not only to two facets of the organizational form – cognitive category and power redistribution scheme – but also to the divisions of labour characteristic of a state.

## **1. The emergence of a new paradigm of state organization in the French context: the “steering state”, with variations on that theme**

Our first task was to identify the emergence and recurrence of new principles of reorganization, by examining a body of official documents for the period 1991–2001. In their most accessible and public form, these principles for state organization are revealed primarily through a small number of generic “grey literature” texts (public or confidential reports from reform committees and a general purpose circular), which were simultaneously “prescriptive” and “strategic”. We took five texts that resulted from the work of different “state reform committees” set up in the 1990s:

- the Report of the Commission on State Efficiency for the 10th Plan (1989–92), chaired by the journalist, François de Closets (1989);
- a think-tank report on ‘The state, administration and public services in the year 2000’, chaired by Christian Blanc (1992), operating in the context of preparatory work for the 11th Plan (CGP, 1993);
- the Report of the Task Force on the Responsibilities and Organization of the State (1993–1994), with Jean Picq, Senior Counsellor of the Court of State Auditors, appointed as Chairman by Prime Minister Édouard Balladur (MROE, 1995);
- the Prime Minister’s Circular of 26 July 1995 on the preparation and implementation of reform of the state and public services<sup>3</sup>;
- the voluminous confidential report of the State Reform Commission (the CRE), a body created in September 1995 to run a vast three-years programme of planning for overall reform of administration (CRE, 1995).

In a clear break with programmes for “modernization of administration” (Bezes, 2002a) and for “public service renewal” (Chaty, 1997), the theories of the 1990s were marked by a concern to rethink the whole architecture of the state, not limiting reform just to simple, locally-introduced experiments. In outline, the new way of thinking about reshaping the state was based on continued reaffirmation (in different forms) of the centrality of dual functionality. This reaffirmed the “art of separation” (Du Gay, 1994) between “policy” and “administration” – despite Herbert A. Simon’s denunciation of its illusory nature (Simon, 1947).

The leitmotiv of the new organizational form was the concern to separate and differentiate the strategic functions of decision-making, design and steering – as well as monitoring or evaluating public policies – from the functions, usually referred to as “administrative”, that involve responsibility for implementation, “simple” execution or actually meeting the cost of public policies. As early as 1989, the Closets Report was explicitly signalling the need to “recentre the state”: “less direct management, less production of norms, less finicky definition of policy methods

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<sup>3</sup> Official Journal of 28 July 1995, pp. 11217–11219. We will refer to this Circular using the label “Juppé”.

imposed on operational services: central administration must change role. Its task will be above all to define objectives and policy principles, to advise the external services and promote networking, to help them by providing them with expertise, training and information, to check that their activities are going in the right direction and are in line with the principle of unity of public policy” (Closets, 1989, pp. 166–7). The Blanc and Picq Reports converged with this thinking, defending as necessary the reshaping of central administrations into “strategic leadership directorates” (MROE, 1995, p. 83) centred on a “policy design role” (MROE, 1995, p. 127), with staff reductions and redeployments towards devolved services. The Juppé Circular took up the same themes, stressing the need to differentiate the “functions of regulation” (forecasting, analysis, design, legislation and evaluation) from the role of operator, which consists of “managing, applying bodies of regulations or providing benefits”. The State Reform Commission legitimized the logics of delegating administrative tasks to the lowest possible levels of management, whether devolved (to local units of the state), decentralized (to local authorities) or externalized (through privatization or contractualization) (CRE, 1995).

Establishing separation between two areas of functions is central, but it has several corollaries. Firstly, it goes hand in hand with the requirement – reaffirmed everywhere – for stronger state capacities for steering, forecasting, coordination and monitoring. Thus, these documents made demands for:

- “development of the strategic knowledge function in administration” and “renewal, through training and recruitment, of public-sector decision makers”, in order to achieve greater specialization in the public policy issues at stake (CGP, 1993, p. 95);
- “giving government the means to direct the state” and “restoring the state’s decision-making capacity” (MROE, 1995, p. 110);
- “improving central administrations” capacities for design and decision-making (Juppé, 1995);
- dedicating a single area of reform to the need for stronger capacities in developing and evaluating public policies (CRE, 1995, Reform no.10).

In the language of the firm, these recommendations formalize the concern to reshape the hierarchy not only through differentiating a clearly identified tier of supervisory staff but also through reforming the skills and competencies required to reach these positions. Reform of the state’s higher supervisory staffing is thus presented as an indispensable additional reform. The hierarchical role of directors in central government administration should be strengthened: they should be “given their due authority”, as a counterweight to the influence of ministers’ private offices (MROE, 1995, pp. 118–119), making them ‘real bosses’, responsible for their ministry’s specific public policies (MROE, 1995, p. 121).<sup>4</sup> Indeed, the ministerial private offices should be considerably smaller.

The second corollary of dual functionality was the contractualization of relations between central administrations and devolved services. This represented a “solution” – at least within the framework of a new formal architecture – to the problem of “agency” posed by the separation of a devolved service and the autonomy granted to it. Contracts defining the objectives to be pursued by the services, the resources granted and the methods for measurement and systematic

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<sup>4</sup> The posts concerned number about a thousand: they are “strategic jobs”, comprising 200 management posts in central government administration and public corporations, about 100 senior magistrates’ posts and 500 to 600 *préfets* and directors of the main local units of the state.

evaluation of results were the management instrument most frequently advocated in the various committees' reports (Closets, 1989, p. 168; CGP, 1993, p. 74; MROE, 1995, p. 135). In the Juppé Circular, contractualization was presented as the management principle that would enable "among other things, definition of the objectives assigned to operational services, of the room for manoeuvre guaranteed to them in negotiating an overall budget (including a personnel budget), of the methods for evaluating their costs and results and of the conditions in which services and officials may benefit from a share in productivity gains". This borrows directly from the reorganizations of large firms: "these observations underline the very strong contrast between the way the state functions in France and the way other big organizations are run. Businesses in France and throughout the world have long since reviewed the relationships between their head office and their operational services, creating cost and profit centres and giving responsibility to local "bosses". Similarly, in other countries – notably "Anglo-Saxon" ones – the state has long since given its operational services autonomy and responsibility" (CRE, 1995, Reform no. 21). Taken as a whole, this convergent paradigm updated the bases on which government activity was to be rationalized and hierarchy to be transformed – using contractualization. From then on, the focus would be on measuring and monitoring the effectiveness, efficiency and efficacy of administrative activities and of public servants.

The various documents reveal a homogeneous model of organization that revisits, with a French flavour, certain dominant traits of New Public Management and of the reforms conducted in other European countries (Pollitt and Boukaert, 2004). However, two important elements are less systematically emphasized in the French case. The first is the specialization of administrative services into units organized around "public policies", on the model of organization by product. The idea of differentiating the organization into autonomous administrative units (or using agencies) was advocated – though euphemistically. The Blanc Report proposes cautious use of this approach in cases where "functional logic" should override "territorial logic" (CGP, 1993, p. 87), while the Picq Report pleads for the transformation of public establishments and administrations into agencies, in cases where they provide services 'that do not involve discretionary assessment, but follow objective criteria'. Secondly, there is little evidence of the separation of "administration" from "the political". It can be found in the Blanc Report and the Picq Report: both suggest reducing the political influence of ministerial private offices, which are too much involved in administrative issues, by downsizing their staffs in order to repoliticize ministers' advisers and to reinforce the authority of senior civil servants in central administrations. However, there is little mention of these claims in the texts that emanate from permanent bodies, such as the Juppé Circular or the preliminary outline of the State Reform Commission's three-years plan.

Written in the 1990s, these reports were first and foremost reform programmes; yet they also represented new, legitimized ways of thinking about the administrative state. Some of them resulted from a strategy to build a consensus on the reforms to be adopted next (CGP, 1993; MROE, 1995), while others were linked to ongoing reform initiatives (Juppé, 1995; CRE, 1995). In both cases, it is important to analyse these documents in relation to the reforms actually implemented in France in the 1990s. Did these reorganization principles, at the heart of the 1990s reforms, aim to introduce a new distribution of power between hierarchical levels? If not, to what other issues and groups did this new "image of the state" refer? In order to answer this question, our analysis first focuses on games that collective administrative actors (ministries, departments, groups) play inside the state apparatus when participating in the structuring and negotiation of reorganization reforms. We shall then stress the institutional arrangements and power struggles peculiar to the French institutional map, in order to enquire into the complex historical process that has shaped



the new organizational form. Other “external actors” (politicians, local representatives, experts in New Public Management, media) were part of the process, but their strategies will not be analysed here (for a broader view, see [Bezès, 2002a](#); for an analysis of French politicians’ dilemmas on administrative reforms, see [Bezès, 2001](#)).

## **2. The institutional constraints on separating steering functions from operational functions in the French context: competition between the Ministries of the Interior, the Budget and the Civil Service**

Studying the possible, effective uses of new organizational principles presented in public reports requires an understanding of how some of the collective actors who occupy central positions in the administrative system have appropriated such principles in the face of changes in their environments. In the French case, three major institutional actors – the General Directorate of Administration of the Ministry of the Interior, the Budget Directorate of the Ministry of Finance and the General Directorate for Administration and the Civil Service (within the Ministry for the Civil Service and State Reform) – have played an essential role in developing principles and instruments of coordination and integration for the state as a whole. Section 2, therefore, aims to reconstruct the strategies and rationales of these three major ministerial actors, who are in charge of the major transverse rules for the whole administrative system and who, during the 1990s, developed, defended or mobilized new reorganization principles – in a context marked by the transformation of their environment and resources.

### *2.1. The paradigm for reorganization according to the Ministry of the Interior: remedy decentralization through horizontal devolution*

In the early 1990s, the Ministry of the Interior and, notably, its General Directorate of Administration undertook a programme of administrative reorganization that introduced a primary logic of differentiation within the state. The decentralization legislation of 1982–1984 had strengthened the power of local authorities in public policies, by easing controls that had weighed heavily on them and by extending their field of activities through transfers of powers. In doing this, the legislation had also served to emphasize interdependencies between the state and local authorities and had led to the clear diagnosis, in the late 1980s, of a new problem in coordinating and organizing state regional policy ([Costa and Jegouzo, 1988](#)). On the one hand, decentralization weakened the position of the sectoral ministries and of their external services (for case analyses, see [Costa and Jegouzo, 1988](#); [Duran and Hérault, 1992](#); [Grémion, 1992](#)) and led to “compromise” and “bargaining” with local elected officials, whose position became fully legitimized ([Le Lidec, 2001](#)). On the other hand, it entailed redefinition of the Ministry of the Interior’s policy system. From then on, local authorities increasingly formed relationships with the “sectoral ministries” and no longer maintained a quasi-exclusive relationship with the Ministry of the Interior, which thus saw its power challenged. The vertical, national logics of the sectoral ministries also conflicted with the horizontal, territorial logics of the *préfets* (centrally-appointed officials representing the state, in charge of coordinating state field services and relationships with local authorities), whose powers were challenged. “Each ministry finds means to preserve the autonomy of its services in relation to interministerial coordination” ([Bernard, 1988](#); [Bernard, 1992](#)). The journal of the *corps préfectoral* and senior civil servants at the Ministry of the Interior, entitled *Administration*,



repeatedly echoed the problems of coordination identified in the second half of the 1980s.<sup>5</sup> In his Circular of 5 December 1986, the prime minister, Jacques Chirac, called the sectoral ministries to order, accusing them of “frequently encroaching on the exclusive responsibility of the *préfet* in the dissemination and implementation of (their) instructions”.

Faced with the weakening of their capacities for coordination and their control over state regional policy, the *préfets* and the Ministry of the Interior’s General Directorate of Administration defended a reaffirmation of the *préfets*’ powers. Put succinctly, the strategy of the *corps préfectoral* was to gain over local units of the state the authority it had lost over local representative officials. This was all the more likely to be accepted because it also related to the concern to rationalize local units of the state in the face of local authorities. The organizational model was imposed gradually. As early as 1983, reorganization of state’s external services and their separation from central administration had been presented as necessary adjuncts to decentralization, but had never been made the object of any concrete measure. From 1984 to 1986, Pierre Joxe, minister of the Interior, sought to increase the space in which *préfets* could act in the face of local representatives (it was decided to make the budgets of prefectures part of the state budget). However, it was only from 1989 onwards, with the lengthy negotiations around the ATR Act (the Law of 6 February 1992 on territorial administration of the republic), that the Ministry of the Interior, under the leadership of the new Minister, Philippe Marchand, initiated a scoping reform to reorganize external services (described in the Act as “devolved services”). The ATR Act and the Devolution Charter that accompanied it<sup>6</sup> carried forward a strong reorganizing vision. They set out the principle of subsidiarity for central administrations, confirming that the execution of public policies was the exclusive preserve of the *préfet* and the devolved authorities.<sup>7</sup> They provided that central administrations now had only subject-matter jurisdiction, corresponding to “tasks that are national in nature or whose execution, under the law, cannot be delegated to a territorial level”. Article 2 of the Decree explicitly indicates that “central administration fulfils, at the national level, roles of design, pace-setting, orientation, evaluation and monitoring”. Its spheres are specific: defining and financing national policies, monitoring their application and evaluating their effects; general organization of state services and laying down the rules to be applied.<sup>8</sup>

The lengthy negotiations on this legislation began in Summer 1988 and involved two Directorates of the Ministry of the Interior (the General Directorate for Local Authorities and the General Directorate of Administration) and representatives of the *préfets*, ministries and associations of elected officials. From these negotiations, devolution emerged as an ideal tool and the principle of devolution was confirmed by Charter as providing a rule for the distribution of competencies and resources between the different levels of state civil administration. Strategically, the devolution instrument functioned in two timescales. It first affirmed the necessary autonomy of local units of the state in relation to central administrations; it then placed them back under the leadership of the *préfet*, whose powers of coordination were strengthened.

<sup>5</sup> See, for example, the special issue devoted to the state and to decentralization (No. 134, December 1986) and the numerous “opinion columns” that appeared over the period, in which *préfets* criticized the uncertainties of decentralization and its stumbling-blocks (No. 134, December 1986; No. 138, January 1988).

<sup>6</sup> Decree No. 92-604 of 1st July 1992 to institute the Devolution Charter.

<sup>7</sup> An interministerial committee for territorial administration (CIATER) was charged with following up the application of these principles, while a committee for administrative reorganization and devolution (CRDA), under the Prime Minister, took on the role of enforcing proposals and incentivizing.

<sup>8</sup> Decree No. 92-604 of 1st July 1992 to institute the Devolution Charter, Official Journal of 4 July 1992, p. 8899.

The ATR Act and its Devolution Charter lay at the origin of a two-pronged movement for administrative reorganization that focused, firstly, on “plans to reorganize ministries” and, secondly, on “plans to reorganize devolved services”. After 1992, there was a proliferation of such plans; these generated bargaining processes at many levels, promoting exchanges of favours, low-profile acquisition of institutional protection and lowest-common-denominator solutions. From the first outline plans to reorganize ministries, required after 1992, to the more recent “state plans for the *départements*” (called for by the Interministerial Committee on State Reform on 13 July 1999) and “state plans for the regions” (Decree of 24 April 2001), the procedures are identical. They express the desire to see focal points of action emerge, with responsibility clearly organized in a configuration that will, in actual fact, see the various vertical ministries, the devolved services, the *préfets* and the local authorities continuing to compete in the production of public policies. Up to now, as a recent report from the Court of State Auditors indicates, the reorganization/reduction of central administrations, the setting-up of a steering structure for devolved services and the creation of focal areas “have been unequally and insufficiently implemented and have not been assessed” (Cour des Comptes, 2003). Similarly, “central administrations have not yet been provided with the design staff or the steering structures needed for their new tasks” (Cour des Comptes, 2003, p. 154). At the end of nearly twelve years of infinitely repetitive negotiations, an outline plan for reorganizing territorial administration of the state has only just been adopted. It creates eight focal subject-areas in the regions: a simple list of these is enough to illustrate the importance of their transactions, since they essentially cover the vertical devolved directorates.<sup>9</sup>

From this first analysis, therefore, we can conclude that, in the 1990s, the Ministry of the Interior carried forward a new form of organization, promoting the separation of central government administration from local units of the state. However, the design that it carried through was centred on the territory and on horizontal relations, as distinct from the vertical form advocated by New Public Management theory – and from the recommendations typically put forward in reports of the same period.

## *2.2. The General Directorate for Administration and the Civil Service (the DGAFP): a mimetic importer of New Public Management principles*

Historically, since its creation in 1945, the DGAFP has been in charge, in conjunction with the Budget Directorate, of recruitment coordination, the Civil Service Act and Regulations, career structures and pay matters relating to state personnel; it is also responsible for following up problems (notably legal ones) relating to these topics. As a quasi-legal expert, it is also the privileged interlocutor of the trade unions, notably in the context of wage bargaining structures established in the early 1970s. Traditionally, the DGAFP is a directorate with limited powers: unlike the Budget Directorate or the Ministry of the Interior’s General Directorate of Administration, the DGAFP does not have any strategic resources (financial means; the legal status of *préfets*). Any effective action that it could take on the rules of the French Civil Service, for example, is constrained both by budgetary controls and by the autonomy that the *corps* (groupings of officials with the same conditions of service, each of which has its own particular methods of internal management and

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<sup>9</sup> The eight focal areas finally adopted were: education and training; public sector management and economic development; transport; housing and planning; public health and social cohesion; the agricultural economy and the rural fabric; employment development and workforce integration; culture. The regional directorates for youth and sport, the prison services and youth protection services were kept separate from the focal areas. (Decree No. 2004-1053 of 5 October 2004 and circular of 19 October 2004 on reform of the territorial administration of the state.).

promotion) enjoy in personnel management. At this time, the DGAFP was the first to champion the idea of “contracts” between central administrations and devolved state services. The origin of this commitment to reform lay in the decision of Prime Minister Michel Rocard’s private office to entrust the DGAFP with the task of following up the “public service renewal” policy launched in 1989 (Chaty, 1997; Bezes, 2002a). By the early 1990s, the DGAFP was institutionalized in this role of coordinating administrative reform and was put in charge of the first experimental “responsibility centres” – the first management contracts between administrative levels in the French administration. The transformation of administrative services into “responsibility centres” took place on a voluntary basis and relied on a new kind of transaction: in exchange for greater management flexibility (replacing a priori control with a posteriori control; favouring annual reporting of appropriations in order to enable some fluidity in management; pooling operating appropriations, etc.), services had to make explicit statements of their objectives, resources and expected results and had to undertake to set up a system of management controls, internal at the centre and external with a system of periodic information returns. In negotiating the reform (Circular of 25 January 1990), the DGAFP enhanced the autonomy and freedom of service managers and simplified its forms of control. It is no surprise, therefore, that it came up against the Budget Directorate, which feared the expensive effects of these lighter controls and argued for another formula (Chaty, 1997). From the early 1990s, the DGAFP began to adopt a strategy adapted to its position within the state. Its strategy was based on the importation and dissemination of NPM ideas on reorganization that would help it to reinforce its expertise and strengthen its legitimacy (DiMaggio and Powell, 1983). The DGAFP was all the more in favour of developing contracts and reinforcing managers’ autonomy within the French administration because the financial effects of these measures would be primarily the concern of the Budget Directorate. Significantly, throughout the 1990s, the DGAFP activated many networks. Especially worthy of mention are “managers’ clubs”, where the DGAFP joined up with managers from ministries in charge of training or of human resources management and its participation on behalf of France in European networks of senior civil servants from national administrations, in charge of civil service personnel management policies, which were coordinated by the European Institute of Public Administration at Maastricht. In the same perspective, the very experienced Director of the DGAFP, Bernard Pêcheur,<sup>10</sup> in post from 1989 to 1994, chaired the OECD’s Public Management Service (PUMA<sup>11</sup>), which brought together senior civil servants in charge of administrative reform issues in various countries. The working groups in which senior civil servants from the DGAFP took part tended to favour learning from foreign experience (for example, from the countries of Northern Europe) and mechanisms for importing and translating New Public Management ideas that were judged to be legitimate in the French context (Sahlin-Andersson, 2000; Bezes, 2005).

On the other hand, the DGAFP was cautious on the subject of devolved personnel management, which related to one of its areas of competence – civil service law – and was a sensitive subject. Devolved human resources management represented another variation of the steering state model. It consisted of replacing the national centralized framework for decision-making on

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<sup>10</sup> A graduate of *ENA* (1974–1976), *administrateur civil* then a bureau head at the Budget Directorate (1976–1981), Bernard Pêcheur was technical adviser to the private office of Laurent Fabius, the Budget Minister, and then Deputy Director of the minister’s private office when Fabius became minister for Industry and Research. From 1984 onwards, Pêcheur was adviser on the civil service to the new prime minister, Fabius. Appointed a reporting member of the *Conseil d’État* (1985), he was industrial relations adviser to the Office of the President of France from 1988 to 1989, where he played a major role in public service strike negotiations.

<sup>11</sup> On PUMA, see Sahlin-Andersson, 2000.

the recruitment and career progression of public servants with a decentralized system in which the directors of local units of the state enjoyed a great deal of autonomy in managing their staff. On this point, the DGAFP took a particularly measured approach. Firstly, it found itself face-to-face with numerous legal complexities related to the Civil Service Act and Regulations and the jurisprudence of the Conseil d'État, as well as with the corps-based organization of the French civil service. Above all, it had to take into account resistance from a large number of the actors with whom it negotiates. While the personnel directorates of central administrations were reluctant to lose control of their employees, heads of devolved services did not necessarily seem to favor a measure that presupposed their having to manage sometimes embarrassing issues of staff appraisal and promotion. At the same time, civil service trade union organizations were hostile to a measure that they regarded as intended to subdue and fragment the national bargaining framework. In denouncing the measure as a challenge to equal treatment, the trade unions were also aware of the reconfigurations of organizational capacities that it demanded and of the risk of loss of power at the centre that it entailed for them. As privileged interlocutor of these groups and guarantor of the Civil Service Act and Regulations, the DGAFP therefore remained cautious in its proposals to devolve personnel management activities. In this regard, moreover, the new provisions of the LOLF were bound to be worrying, since they favored more decentralized, more flexible management of staff, within the framework of "programmes" that corresponded to public policies. In opposition to the Budget Directorate therefore, the DGAFP hesitated to decentralize the joint administrative committees where people's careers were discussed. It defended the principle of interministerial management of staff at the local level, which was dominated not just by budgetary considerations. As it had at the time of the negotiations on the ATR Act and then during the various rounds of negotiations on reorganization of devolved services between 1992 and 2004, the DGAFP formed an alliance with the Ministry of the Interior and "played on" the strengthening of the *préfets*' role and horizontal devolution. By supporting local reorganizations of devolved services around a strengthened *préfet* and by defending "interministeriality", it was able to oppose the more threatening vertical devolution that the Budget Directorate was advocating.

### *2.3. The view of reorganization from the Budget Directorate: better control over spending operations through rethinking the hierarchies*

In defending a third strategy, the Budget Directorate was also to become, throughout the 1990s, an actor engaged in the processes of administrative reform. Like the Ministry of the Interior, the Budget Directorate was first of all confronted with a transformation in its environment: it was forced to interpret this and then react to it. In this case, it had to face a new financial decline in public accounts, as the economic situation of 1991–1993 was marked by the strongest recession since the War. The deepening deficit of public administrations<sup>12</sup> was matched by the state's worsening budgetary deficit, which went from 122.4 billion francs in 1991 to 234.6 billion in 1992 (an increase of nearly 91%), soaring to 364 billion francs in 1994. An added worry was the growth in debt, caused by the very high level of real interest rates, risking a spiral of self-sustained debt arising solely from growing interest charges (the "snowball effect"<sup>13</sup>). From

<sup>12</sup> The public administration deficit (the funding needs of public administrations, the state, local authorities and social security) in fact went from 101,089 million francs in 1990 to 147,078 million in 1991 (2% of GDP), then to 430.7 million francs in 1993 (5.9% of GDP), remaining at 403.8 million in 1995 (5% of GDP).

<sup>13</sup> The "snowball effect" occurs when the interest rate on debt is higher than the growth rate of GDP, which leads to an exponential increase in the debt/GDP ratio (Siné, 2006).

1992 onwards, the concerns linked to deteriorating public finances (deficits and debts) became particularly acute for two reasons. Firstly, these declines were an intrinsic part of a new normative context linked to the Maastricht Treaty of 7 February 1992 (and the negotiations that preceded it), establishing the process that should lead to European monetary union. The European Treaty, through article 104C of the Maastricht Treaty, imposed new budgetary policy norms: the famous convergence criteria, limiting budget deficits to 3% of GDP and debt to 60% of the same GDP. The European Commission and France's European partners thus appeared to be "standard-setting entrepreneurs" (Siné, 2006), limiting national powers over budgeting and conferring a "new externality on budgetary policies" (Artus, 1996, p. 53). Secondly, the strong growth in deficits and debt was an intrinsic feature of the context created by the emergence of an economy of financial markets (Siné, 2006). This entailed a change in the structure of France's debt, which moved from a non-negotiable debt to a negotiable one, made up of bonds and securities issued on the financial markets. It also gave "markets" the capacities to sanction governments on the basis of indicators (deficit, debt) that would now function as signals revealing government choices on public finances.

These elements, relating to both the immediate and the structural economic situations, affected budgetary policy and, in the early 1990s, modified the Budget Directorate's traditional strategy for regulating appropriations and budgetary management practices. Traditional means of exercising budgetary policy (freezes, centralized budgetary regulation of ministries, automatic and low-profile cutbacks), used extensively in the 1980s, appeared to have insufficient effects in the face of the new financial situation, the "rigidity" of public spending<sup>14</sup> and the structural erosion of room for manoeuvre. Between 1990 and 1995, senior civil servants in the Budget Directorate started to consider other ways of doing things in two particular spheres.

On the one hand, the Budget Directorate's central control over the spending ministries again became a crucial issue, as did correspondences, in operating the budget, between the objectives fixed during budget negotiations, the resources voted by Parliament and the sums actually committed by the ministries in the course of the year. The new imperative of control required, first of all, centrally available, subtler, more homogeneous information about the costs of the public policies conducted by ministries and about their operating and staffing expenditures. This created a need to set up more reliable information systems, based on – among other things – management control. Instruments for controlling public finances evolved, moving from a strategy of reducing public expenditures *ex ante* to a logic of "control at a distance", which was strongly procedural and centred on the development of indicators that enabled expenditures, activities and results to be tracked.

On the other hand, this desire to regulate spending presupposed greater reliance than before on the sectoral ministries, in so far as they alone were able to produce the required information on their activities, even in a standardized form. The requirement for monitoring was therefore accompanied by a simultaneous prescription to strengthen the autonomy of managers and their responsibilities for the expenditures they incurred. In planning to concede more autonomy to managers of devolved services, the Budget Directorate saw the possibility of transferring unpopular arbitration decisions to reduce expenditure – notably employment-related expenditure – to the local level.

However, it was by no means the case that this "model of control through the production and processing of information" (Ogien, 1995, p. 67), linked to an approach involving contractual

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<sup>14</sup> There is an ever-increasing part of the state's public expenditures that cannot be restricted, because it has to be renewed from one year to the next; its growth is due notably to personnel expenditure, interest charges on debt and operational expenditure.

relationships with administrative services, emerged without any kind of resistance or constraint within the Budget Directorate. It was in this context that, throughout the 1990s, knowledge about public management began to arouse the interest of a growing number of senior civil servants in the Budget Directorate – initially in the small Bureau 1-B of the First Vice-directorate, created in 1986 and given responsibility for new management methods. Although this Bureau was weak, often “poorly thought-of” and sometimes accused – within the Directorate – of being “too close to spending ministers” (interview with a member of Bureau 1-B), its members played a major role as importers of ideas and instruments close to New Public Management, which they recycled and disseminated through close contacts with PUMA, the OECD’s Public Management Service and with consultancies, as well as with the sectoral ministries themselves. Supported by the “reformers” (Bureau 1-B; managers), the principles of specialization of services around identified objectives, managers’ autonomy, “internal contractualization” and the development of standards for control over management gradually became issues for debate within the Budget Directorate. These debates were all the more lively because not all budget officials shared this vision of a more positive role for the Directorate. The budget officials running the Directorate were much more stubborn in regard to instruments which, they feared, were weakening their capacities for spending control.

Throughout the 1990s, therefore, by virtue of the expertise of Bureau 1-B and of initiatives from the Budget Directorate management team, the principles of internal contractualization were cautiously translated into the form of technical instruments and introduced at the margin of budgetary operations. Developed incrementally, these “micromeasures” (Abate, 2000) nevertheless carried forward real changes in ways of thinking about and regulating relations between central administrations and devolved services. Significantly, they were all to be taken up again and systematized within the framework of the LOLF (the major reform of budgetary procedure of 1st August 2001).

The first tool is that of the “aggregated heading”. It consists of pooling budget appropriations under a single, broad, aggregated heading (instead of having a large number of separate budgets) and (supposedly) giving managers in ministries a great deal of latitude in how they (re)allocate appropriations within this frame in the form of “fungible budget allocations”. Between 1990 and 1996, the Budget Directorate gradually moved towards pooling day-to-day operating items for all the ministries (though excluding personnel appropriations) in order to allow managers to “reallocate their operating resources according to their priorities and their capacities to control the different spending centres”. The incremental use of this tool nicely illustrates the changing relationships between central administrations and local units of the state: managers’ “budget maximizing” behaviours were challenged by giving them greater freedom in the use of appropriations within an overall sum (allocated but capped), yet also transferring to them responsibility for arbitration decisions and requiring them to deploy management tools to track the operation of the total running grant and compare the costs of services.

The second tool, launched in 1997, is a new experimental form of contracting between central administrations, local units of the state and the Budget Directorate. The “service contracts” experiment, a new model developed by the Budget Directorate<sup>15</sup> for managing local units of the state, was a strategy that strengthened the autonomy of managers in the context of budgets that increasingly had to be treated as both aggregated and fungible; yet it also encouraged them, locally, to

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<sup>15</sup> Although the circular (12 July 1996, No 1-B 96-337) dealt with state reform as well as the budget, in fact the Budget Directorate monopolized production of this text.



make choices to reduce personnel expenditure and to introduce more restrictive reporting tools. Through the creation of an “overall service budget” that brought together the whole operating grant, temporary staffing appropriations and personnel appropriations, a manager was encouraged to arbitrate between the different categories of resources, notably by recycling savings made on staffing costs into an additional operating budget, even though it was forbidden to “propose net job creations beyond the allocation of jobs communicated by the central administration”.<sup>16</sup> These “flexibilities”, adopted in order to encourage personnel spending reductions at the local level, were also accompanied by stronger expectations in regard to monitoring tools for cost management, instruments for measuring service efficiency (comparison ratios, etc.) and forecasting management for jobs and staffing level. Set up experimentally, the service contracts approach initially failed because the sectoral ministries refused to adopt voluntarily management tools that were so visibly intended to make them shoulder responsibility for a policy of staffing restrictions. Even after the Interministerial Committee for State Reform decided, on 12 October 2001, to confirm a new experiment, implementation of the “contracting” approach – accompanied by aggregation of resources – remained very uneven across the various ministries, according to a recent assessment by the Court of State Auditors (*Cour des Comptes*, 2003). Nevertheless, although the overall contracting approach was not applied systematically, various of its elements continued to be strategically imposed by the Budget Directorate as low-profile measures or, in contrast, in the context of the major reform represented by the new Institutional Act on Finance Legislation (the LOLF), adopted on 1st August 2001. In fact, its strong influence over negotiations for this finance legislation allowed the Budget Directorate to acquire a new instrument that helped to contractualize relationships and to encourage deletion of posts, leading to a reduction in personnel expenditure. The LOLF put the finishing touches to the dynamic of aggregation of appropriations, begun in the 1990s, by merging previously specialized budget headings within a “programme” that defined a functional objective (a public policy) and not the economic nature of appropriations (investment, operating, etc.). Transforming the principle of specialization in this way leaves greater freedom for the manager in the use of different resources within the framework of the programme (the principle of fungibility). However, there were two very strong constraints: personnel expenditure increases were forbidden (leading to asymmetric fungibility)<sup>17</sup> and there was a proliferation of devices underpinning the obligation for “accountability” (cost measurements, ratios to compare services, etc.).

The third instrument illustrates how the Budget Directorate has also developed measures aimed at strengthening means of control over spending at the territorial level. Thus, reforming devolved financial control (experimentally from 1995 and, following the Decree of 16 July 1996, generally) has also been an intrinsic element in recasting hierarchical relations between the Ministry of Finance and the sectoral ministries. The Directorate set up new regional focal centres for financial control of state activities at the devolved level, run by regional Paymasters-General, each of whom has in his office a senior civil servant from the Ministry of Finance, in charge of devolved financial control. Again, the strategic aims of the reform are important. On the one hand, the Budget Directorate has affirmed stronger “managerial autonomy” for managers, allowing the new devolved financial controller to adjust controls, using examination of the services’ budgets and accounts to monitor management efficiency (rather than constantly trying to control irregularities). However, use of this possibility is at the discretion of the financial controller and depends on the intensity and quality of the management monitoring tools that have been developed within

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<sup>16</sup> Circular of 12 July 1996, No 1-B 96-337, on the implementation of an experimental approach to service contracts.

<sup>17</sup> A wage bill ceiling and a jobs ceiling were also to be defined for each programme and for each Ministry.



the service that has the power to authorize expenditure. Nevertheless, it means that the Budget Directorate has set up a strategy for local monitoring that will promote, gradually and in the long run, the development of a system arising from local information and allowing better tracking of operational spending conditions. Therefore, although it possesses neither devolved services nor networks of correspondents, the Budget Directorate is equipped with a network for financial control at the local level, reliant on the Public Revenue Department but steered through a unit attached to the Directorate's First Vice-Directorate. In this strategy, the logic of spending control overrides the managerial logics of separation. Anticipating the still limited extension of devolved recruitment activities and personnel management (a feature mainly of the "big ministries" like National Education, the Interior or Infrastructure), the Budget Directorate has created – through reform – devolved financial control, centred on employment: in particular, it requires individual (rather than overall), advance (not a posteriori) authorization by the controller to allow "entry flows" into the civil service (Pain, 1996).

These three instruments, set up on the periphery in the 1990s, contain the bases of a system of "performance management" that leads those responsible for services – in return for budgetary autonomy – to focus on the objectives and results to be achieved, which in turn form the object of a system of measurement through indicators. Traditional tools of NPM (O.C.D.E., 1995), the three instruments have all been taken up again and systematized within the LOLF framework, thus institutionalizing the logics of vertical contractualization and the imperatives of management control. Two chains of accountability have been instituted. On the one hand, by 2006, services were to be defined *ex ante* and undertaken on the basis of objectives set within the framework of annual performance plans; the results were then to be analysed in annual performance reports; plans and reports were to have performance indicators. On the other hand, Operational Programme Budgets, which break the overall programme down into segments based on areas of activity or on territories – each under the authority of an identified operational manager within a ministry – have been introduced. These mean that, at an intermediate level, national objectives and indicators will be set out as a programme, in the context of a new hierarchical chain (or "management dialogue") between officials in the field, the people in charge of Operational Programme Budgets, the manager of the overall Programme and the Budget Directorate. Thus, the Directorate will be able to institutionalize its role in following up budgetary operations. Top civil servants from the Ministry of the Interior and from the Civil Service Ministry have been worried about this "cascading of financial responsibilities away from central administrations", complaining that it "risks verticalizing public policies and compartmentalizing service activities" (CFDT Cadres, 2004, p. 19).

Confronted by a budgetary crisis and by widespread external initiatives that defend the increasing responsibility and the autonomy of local managers, the Budget Directorate has been gradually doing its best to promote rules to reorganize hierarchical relations and to transform its instruments of intervention by creating a double net: devolution of its control function intermeshed with gradual development of an information and management system (through management monitoring instruments). At first incrementally, then through its negotiation of the LOLF and through a paradigm shift in budgetary policy, the Budget Directorate has gradually been imposing a financial view of the steering state reorganization.

#### *2.4. Power struggles within the state: integration at stake and institutional constraints around a differentiation process*

These three strategies, pursued concurrently over the course of the 1990s, illustrate not only different ways of perceiving the problems that attach to the apparatus of the state but also the

variety of designs available to pattern reorganization of the administrative system. Two facts can be highlighted.

Firstly, the emergence of new organizational principles seems to be clearly linked to changes in environment and to internal conflicts between ministries that occupy a central position and play a transverse role in the state. In outline, the move towards financial bases, Europeanization and the territorialization of administrative issues all weaken the resources and the positions of the “centralist” ministerial actors who have claimed a capacity and a legitimacy to “govern administration”: their dependence on other groups is highlighted. They are bound to react in order to maintain their positions, reconsidering how to act so as to preserve the integration and coordination of the state.

Secondly, analysis shows that the principles and rules of reorganization put forward by the three centralist ministries are not identical, nor do they correspond to the pure pattern proposed in major reports on state reform in the 1990s. The concrete making of a new organizational form is the issue at stake in divergent rationalities and strategies, which illustrate the weight of the institutional constraints and categorizations that not only influence the perception of problems and the definition of alternatives but also inform the structure of choices (Thelen, 2003). This process also reveals the importance of power struggles inside the state, which strongly shape – as in firms (Fligstein, 1990) – control of organization and choice of organizational form. In France, administrative reform is embedded in these institutional conflicts, which limit its scope. The influence of the historical structuring of the state explains this conflict-ridden process of reorganization: the three ministries and their own ways of ordering things have been the bearers of contradictory notions about how to organize separation, control and “the operator” established by devolution. Texts being produced by one or other of the three actors clearly highlight new organizational principles, but they do so more sharply than the texts produced at the same time by the “state reform committees” (analysed in Section 1), give an impression of much greater conflict. The disparity between the coherent organizational form defended in the reports (Section 1) and the contradictory formulas for reorganization put forward by the centralist ministries (Section 2) suggests we should next seek a parallel process by which other intermediaries produced an organizational paradigm and became involved in this area.

### **3. Creating a new model: the visible hand of France’s most senior civil servants from the *grands corps***

To sociologists of organizations or proponents of sociological neoinstitutionalism, this disparity between the model of the steering state produced in the reports and the reality of the measures adopted in practice comes as no surprise. Though it has allowed some to refer to “organizational hypocrisy” (Brunsson, 2002), in fact it refers back to various now-classic results that highlight the disparities between the formal structure of the organization and informal interactions (Crozier and Friedberg, 1977), between its system of external legitimization and its internal practices (Meyer and Rowan, 1977), between the “reform talk” phase and implementation (Brunsson and Olsen, 1993). Yet our perspective is distinct from these theses. This article defends the idea that the process of emergence of a new organizational form itself results from a dual dynamic of production. In addition to power struggles within the state to impose new rules, there is the process of building a coherent, overall, widespread organizational model, constituting a common representation or categorization that can serve as a collective ideal or a guide to action. There were two features of the process of producing the documents we examined that enabled us to understand the issues involved in making this new “image of the state” and its nature as a “model” or “driving principle”.

Firstly, the documents we examined were all produced by ad hoc bodies enjoying a fairly strong autonomy that distanced them from the pressures linked to the practical problems and the institutional interests that face the transversal ministries analysed above. The two Plan Commissions, the Picq Task Force, the CRE and, to a lesser extent, the team that produced the Juppé Circular were set up – although under distinctly differing terms – as authorities, to make judgments and recommendations. Competence was ascribed to them and the specific mechanisms of the way these committees ran – although not entirely immune to external interventions and pressures – offered some autonomy. Significantly, disputes over competence certainly arose within the “Task Force on the Responsibilities and Organization of the State” (the Picq Task Force), which met from November 1993 to May 1994 (Bezes, 2002b). On one side were 29 rapporteurs representing the senior civil service, while on the other side were the eight-person “committee of wise men” – most of whom were members of the *grands corps* working in the private sector – and the writers of the report, four senior civil servants from the Court of State Auditors (*Cour des Comptes*) and the *Conseil d'État*. While the first group, whose job was to give precise diagnoses on the ministries and their environments, advocated detailed technical reforms, the second group came out in favour of principles and reorganizations that were more ideological and radical (decentralization, the transformation of departments into agencies, privatization, giving responsibility to local levels, etc.). Ultimately, it was the second group alone who produced the report. In deliberately distancing themselves from well-supported, cautious diagnoses, the authors of the Picq Report privileged a general direction over detailed reforms; they imported, without any resistance, the ready-made solutions proposed in foreign reforms or advocated by NPM. The Prime Minister's Circular of 26 July 1995, which systematized and publicized the image of a steering state, was also the work of senior civil servants from “outside the system” (two former members of the Blanc and Picq Commissions, both by then at the *Conseil d'État* and an inspector of finances), who produced a political text intended to legitimize the Prime Minister's policy. The CRE, created in September 1995, was also deliberately designed as an autonomous authority, independent of the Civil Service Ministry, the Budget Directorate and the Ministry of the Interior. The intention was to constitute a coalition of reformers (about 20 senior civil servants), which would be united enough to implement a homogeneous reform strategy and to create wide expertise covering all the rules of the administrative system. Moreover, between November 1995 and March 1996, the CRE drew up an ambitious pilot study for the three-years state reform plan, which proposed – in 29 reforms and 245 proposals – a new reorganization of the state attaching great importance to NPM solutions (recentring; clarifying areas of competence; new forms of delegation or control). These committees thus favoured the transfer of ideas developed elsewhere since the late 1990s, through the proliferation of networks where neomanagerial “best practices” are shared within transnational frameworks (Europe, the OECD) or within national frameworks influenced by public management training bodies such as the Ministry of Finance's Institute of Public Management and Economic Development or by consultancies with an “Anglo-Saxon” culture.

The second feature of the process is that these major reform committees, from the Closets Commission to the State Reform Commission, mainly consisted of senior civil servants (for details, Bezes, 2002a) – some from the *grands corps de l'État* (in the case of the majority of actual authors of the reports), others who were controllers or from technical and administrative *corps* – occupying operational positions in ministries. In the mid 1990s, they all seemed to adopt the steering state model and to defend an organizational design that stresses separation of the dual functions and seeks to strengthen strategic functions to the detriment of operational functions. Many of them held to this principle because it provided a theoretical frame that they considered

helpful in solving the problems they faced, whether these were the problems of the state or the specific problems of the top French civil service. However, the various subgroups of the French higher civil service had differing interests and expectations in defending this model, according to their positions and tasks.

Given the division of labour inside the French administration, it is not surprising that groups of senior civil servants from the *grands corps*, who occupy transverse roles outside the operational ministries, became, in the 1990s, importers and bearers of the steering state model. When viewed in the light of the British literature on involvement of senior civil servants in the policy of agencification of ministerial departments,<sup>18</sup> this commitment holds no more surprises. Firstly, top French bureaucrats found it all the more legitimate to take responsibility for plans to reorganize state architecture because they have traditionally been the group who carry forward modernization projects in the French state (Suleiman, 1979). In addition, the steering state model has been confirmed in many other Western countries and in many international networks as the dominant reorganization plan. Top bureaucrats were also strongly in favour of the managerial model because it belonged to the “kit” of ideas developed and legitimized by major accountancy firms and in the private sector. Secondly, “interests” can also explain why the logic of separation between “steering” and actually “rowing” has succeeded in winning their approval. The reshaping they suggested has represented a collective means of reestablishing their political influence by reinforcing “functionally politicized roles” within the state (strengthening the functions of steering and controlling) and has helped them to reconfigure their control or enrich it with new tasks. After 1998, for instance, the *Inspection générale des Finances* was committed to promoting “benchmarking studies” in key areas identified as ripe for reform (the tax system, budgetary processes and the performance management system). So, senior civil servants from the *grand corps* were the *intermediaries* of the steering state model, seeking to produce a new language, common to the state, through new principles of reorganization. Throughout the whole period, faced with rivalries between the centralist ministries and with the impossibility of drawing them into an alliance, they defended the model of an organizational form that “integrates” the positions of transversal actors and does its best to impose an ideal reorganization. The dual-function model corresponds to their rationalizing vision. Thus, in the French context, they have been the chief “mediators” and translators of the dominant standard organizational form advocated by transnational organizations and “Anglo-Saxon” reformers.

At a lower level, top bureaucrats from controlling bodies (the numerous French inspectorates: *Inspection générale de l'administration*, *Inspection générale des affaires sociales*, etc.) have also supported the “steering state” model, with a view to revaluing their positions within ministries and enriching their jobs. The recommendations of the Prada Report on the crisis in “the higher echelons of the state’s supervisory staff”<sup>19</sup> provided primary evidence of how useful the steering state model could be in reevaluating the importance of the controlling functions within the state. In this document, reforms of the state’s tasks and structures were considered, by its two authors – both members of the *grands corps* of controllers – as the moving force in revalidating the place and the role of senior civil servants. “Operational management functions are not the only important functions that the state’s higher managers have to fulfil.” As the Blanc Report – already alluded to

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<sup>18</sup> Patrick Dunleavy was the precursor of the literature on privatizations (1991); he was followed especially by Oliver James, writing on the British senior civil servants who originated the “Next Steps” reforms (James, 2003).

<sup>19</sup> The whole senior civil service: posts in service management, central administrations or devolved services (directors, vice-directors, chief officers, *préfets*, heads of devolved services) or in the administrative bodies in charge of monitoring and inspection.

– emphasized, in preparation for the 11th Plan, “the state will have to be increasingly a “strategic state”. We will not go into analytical detail here, but it must be emphasized that the functions of studying, planning, forecasting and evaluation will have to be fulfilled much better than they are today: the growing complexity of public policies and the scarcity of resources demand a considerable effort of “strategic knowledge”. A certain number of structures have been created in order to highlight this challenge, notably the *inspections générales*. [...] However, this much is certain: strategic planning is a function that, although essential, is currently undervalued and for which we are currently under-equipped: from now on, the state must attract some of its best senior civil servants to apply their skills in this area” (Prada, 1994, pp. 14–16). In the early 2000s, these ideas began to be implemented, with the ongoing reforms of many controlling bodies (*inspections générales* of the Ministries of the Interior, Social Affairs and Education). A big “audit, expertise and consultancy department” has been set up within the Ministry of Finance and will bring together several *inspections générales* (Industry and Trade; Post and Telecommunications; Public Monitoring). More broadly, the steering state model also provided, in the mid-1990s, a useful solution to the diagnosis – in several official reports (Prada, 1994; Weiss, 1996; Eymeri and Pavillard, 1997) – of crisis in “the higher echelons of the state’s supervisory staff”.<sup>20</sup> The whole of the “administering” senior civil service was seen as facing a profound crisis, on two main bases. Firstly, attempts at career development began to come up against the shortening or acceleration of the “first-level career” (the central tier, consisting of posts as bureau heads or vice-directors) and against the stagnation – due to lack of posts – of the “second-level career” (next-level openings, such as directorial posts). Secondly, the purchasing power of civil service pay had fallen significantly over a period of 20 years – most sharply since 1983. This crisis manifested itself through a large, post-1983 increase in senior civil servants leaving for the private sector. This happened in almost all *corps* and involved younger and younger senior civil servants. Of course, these dysfunctions did not affect the different groups within the senior civil service in the same way (Bezes and Le Lidec, 2007). However, pleading the case in favour of recentring the senior civil service towards more strategic and functionally politicized tasks represented a “solution” likely to garner approval from most of them.

However, the effects of this “steering state” model on other subgroups within the administrative system remain unclear, in that they may suffer important losses as a result of these reforms or may be ideologically opposed to the development. The benefits for many *administrateurs civils* (high-ranking civil servants from the ENA but not for the first three main *grands corps*) – who spend much of their careers in central administrations or in devolved units of the state and remain more involved in technical and operational activities – are much more problematic. On the one hand, we can hypothesize that senior bureaucrats will favour managerial and efficiency-oriented reforms, provided that these improve their day-to-day policy activities and increase their capacities and autonomy. Through the new division of labour that they bring in their wake, NPM reforms may increase these officials’ expertise in specific policies (and their skills as “modern managers”) and may favour a specialization process based more on “occupation” than on general skills. These changes may then facilitate further departures to other administrations, public corporations or private companies. On the other hand, it may also be feared that this development will generate stronger divisions and even subordination between those higher civil servants who remain “generalist” and politicized and those who emphasize their operational skills but have no

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<sup>20</sup> The whole senior civil service: posts in service management, central administrations or territorial services of the state (directors, vice-directors, chief officers, *préfets*, heads of local units of the state) or in the administrative bodies in charge of monitoring and inspection.

access to policy-making circles. To a certain extent, the fulsome praise of the modernization of state management and administration by the Senior Civil Service Associations Group (GAHFP) in 2002 seems to represent predominantly these operational and career managers: “Senior civil servants would like it if the political decision makers were to make more demands for the strong analyses and proposals that they could produce: they have the desire and the capacity to fuel the democratic debate, to propose avenues for research and to help in setting options’ (GAHFP, 2002, p. 36). In this bid to be viewed as policy experts within the GAHFP, front-line bureaucrats showed that they were worried about their roles, their autonomy and their mobility by comparison with more politicized senior civil servants.

Therefore, the steering state model also emerged, during the 1990s, from the development work of networks of senior civil servants who had become associated through the framework of major transverse committees and were less constrained by ministerial pressures and more inclined to import the big ideas and solutions of NPM in order to respond to the perceived problems of the state. Moreover, the principles elaborated in this way are not unconnected with the first reform networks we analysed. The committees were always closely tracked by civil servants from the centralist ministries (Interior, Budget, Civil Service) and sometimes integrated into the administrative reform mechanism (as was the case with the CRE), while the texts produced may also have represented political manifestos for Prime Ministers (the Juppé Circular).

#### **4. Conclusion: the dual dynamic of constructing an organizational form for the state**

This article is offered as a contribution to the study of transformation processes in state organizational forms. Traditionally, two perspectives can be opposed in the literature. The first, guided by rational choice theory, transaction costs economics or agency theory, is preoccupied above all with the choice of new organizational forms, with the idea of efficient adaptation to a changing environment and with a focus on the issue of establishing the political control necessary to counterbalance administrative autonomy (Horn, 1995). The second, which relies on sociological neoinstitutionalism, favours the idea that reforms adopt norms of rationality that are viewed as “myths” present in society or in various professional fields: the state (or the firm) integrates them and institutionalizes them through mimetism, in order to increase or reconstruct its legitimacy to outside actors, as well as to found or strengthen the legitimacy of groups in the ascendant or already in power, which claim these “modern” representations (Meyer and Rowan, 1977; DiMaggio and Powell, 1983).

Between these two perspectives, we propose a more nuanced route that will allow us to go beyond overschematic oppositions. We have shown empirically the importance of two autonomous but complementary processes that reflect the division of labour inside the state. On the one hand, the building of principles and instruments of reorganization reflected struggles within the state between three centralist ministries (Interior, Budget and Civil Service), each faced with changes in their environment, each with its own resources and interests and each claiming to control – totally or partly – the whole state. Throughout the 1990s, this rivalry was expressed through the increasingly general nature of the contents of state reform policy, but also – and above all – through an opposition between concurrent plans to reorganize hierarchies between the managing body, central administrations and devolved services. Far from constituting a homogeneous whole, the state appeared to be an “institutional order” (Orren and Skowronek, 1993, pp. 320–323) made up of interdependent ministries that, when faced with changes in their environment, developed reform strategies, did their best to control the games of the other actors in the configuration, deployed



variable, asymmetric resources and operated on non-identical timescales.<sup>21</sup> These power struggles within the state generated repeated conflicts and negotiations, were dominated by issues controlling the core rules of the administrative system and shaped the choice of the state's organizational form. The recent Institutional Act on Budget Legislation (the LOLF) of 1st August 2001, which is often presented as the new, legitimate guiding schema, may lead one to think that the Budget Directorate is now well-placed to impose an economic, managerial vision of reorganization. The allocation of the "state reform" portfolio to the Budget Minister in the Villepin government was an early sign of this, marking a clear break with its traditional "ownership" by the Civil Service Ministry. The creation of a General Directorate for State Modernization within the Finance Ministry in July 2005 institutionalized this development. This merged the Directorate for Budgetary Reform, created within the Finance Ministry in order to manage the LOLF, with three offices previously attached to the Prime Minister: the Office for Modernization of Public Management and State Structures, the Office for Service Users and Administrative Simplification and the Electronic Administration Development Agency. The Fillon Government, under Nicolas Sarkozy's presidency, has further strengthened budgetary dominance by creating an enlarged Ministry for Budgeting, Public Accounts and the Civil Service. The DGAFP therefore finds itself, for the first time since it was created, part of a finance Ministry. On the other hand, the new organizational form has been produced as a cultural category by senior civil servants in a more autonomous position, who have developed a common, coherent representation of "the state", inspired by the recommendations of NPM.

The decoupling of the two processes, highlighted as a classic outcome in the neoinstitutionalist sociology of organizations (Dobbin, 1995), has here been related to concrete causal mechanisms and to groups identified inside the state. However, this gap does not prevent interaction between the two processes. The idealized categorization of the organization came to influence political reform processes by stressing the historical ineluctability of change, while the measures negotiated between ministries were integrated, synthesized and digested in reports produced by senior civil servants, so that specifically French elements became mixed with NPM standards. The new organizational form therefore emerged slowly from the melting-pot of the issues of control, integration and legitimation of the whole state, from the power struggles taking place there and from groups of actors doing their best in a given configuration and at a given period.

Through the diachronic perspective proposed, two complementary and indissociable dimensions of organizational forms have been highlighted empirically (Dobbin, 1995; Koza and Thoenig, 2003, p. 1226). The organizational form first refers to a *material and political* dimension, the major issue of conflicts of interest, which relates to the chains of hierarchical authority that govern relations between the multiple levels of an organization (distribution of tasks, circulation of information and modes of control). However, an organizational form also possesses an *ideal* dimension because it is the idealized representation of a complex social reality, a cultural construction. As a cognitive and normative map of the organization, it constitutes an institutionalized category (Durkheim and Mauss, 1971; Douglas, 1999) that is capable of representing and informing the multiple practical activities internal to the state (to the firm) and capable of "revealing" the state; yet it also provides a basis for and strengthens the legitimacy of groups – either in the ascendant or already in power – that claim this codified vision and use it to legitimize the organization to outsiders (Meyer and Rowan, 1977; DiMaggio and Powell, 1983). The emergence of an organizational form results, in our view, from this dual dynamics.

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<sup>21</sup> Some are older than others, have accumulated more experience and expertise, are more permanent than others, etc.



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