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Market rationality, organisational rationality and professional rationality: experiences from the 'Contract State"

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This paper proposes an analytical framework for studying professional discretion in organisations that provide state-sponsored human services. In general, professional rationality makes claims for more or less autonomous professional discretion shaped by professional knowledge and ethics, and by the licence given to each profession by the state. The scope of this discretion clearly reflects each profession's power. This paper argues that the discretion of professionals working in formal organisations is further constrained and shaped by rationalities arising through the power relations in that organisational context. In particular, the discretion available within any organisation will tend to be shaped by organisational requirements. These include political, resourcing and accountability requirements, but they also include more structural matters, in particular managing or mitigating conflicts and contradictions that come from the mode of organisation.

"I'm all in favour of competition, except in the taxi industry. There are issues of safety and customer service in that industry." Sydney taxi driver 18 March 1999

The idea that competition is good for everyone except ourselves is widespread, and this taxi driver is not alone in seeing reasons why his particular industry should not be exposed to the full force of market rationality. However equally, because these reasons are based on specific and often subtle or tacit knowledge of each particular industry, neo-liberal economic rationalists can dismiss them as special pleading. This suggests that, at the analytical level, there is a stand-off between competing arguments that are each internally consistent and protected from critique by the other. It also suggests that, at the empirical level, the data we get from interviewing those directly involved in change will often be unsurprising and not particularly helpful. This paper aims to get outside this impasse by viewing the matter from a different perspective.

Conventional bureaucratic human service organisations in the government sector operated with well known conflicts and contradictions, some of which are internal to the organisation, and some of which arise between the organisation and the welfare state. There were questions about these organisations' capacity to become agents for social control, and professionals' participation in that process (Morris and McIsaac 1978; Day 1981). Many on the left came to see the welfare state as a two-edged sword, and became apprehensive about their own place working 'in and against the state' (London Edinburgh Weekend Return Group 1980). Feminists, too, increasingly saw these state organisations as deeply patriarchal, and debated whether or not this was one of their essential features. In Australia, feminists working in state bureaucracies-'femocrats'-opted to engage from within the state with its patriarchal biases, with some apparent success (Yeatman 1990). Apparently independently of these debates

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about political strategy, in organisational studies the dysfunctions of bureaucracy had been recognised and seen to be important (Gouldner 1954; Merton 1957; Blau and Scott 1962).

Professional discretion in these contexts can be understood as a way of making the organisational viable despite these conflicts and contradictions. Within bureaucratic welfare organisations, professionals had a facilitating role by breaking rules when they saw that as the best way of achieving results that they considered ethically appropriate (Considine 1994: 206-11). They also, often with open support from the formal organisation, provided cross-hierarchy links that facilitated the case management of individuals or groups of clients. In this, they served a similar function to the project teams that started appearing in these organisations in the 1970s. Indeed, their knowledge base and ethical commitments were seen as key resources within these project teams - a way of keeping them 'on track' despite their lack of fit within formal bureaucratic mechanisms.

So, the attacks on professional discretion by neo-liberal advocates of quasi-market service delivery are in effect attacks on the lubricant in the state's bureaucratic organisational system. For example, in the Australian state of Victoria after the election of the radically neo-liberal Kennett government in 1992, John Patterson was appointed head of the human services agency Community Services Victoria (CSV). He had formerly been head of a government engineering and technical services agency, had no prior experience in human services, and was a good example of the 'context free' generic manager favoured by managerialism. In a staff newsletter he attacked the inefficiency of his professional staff going to meetings and being 'across issues', rather than focusing on delivering services. The increased staff loads that came with the subsequent efficiency drive in CSV lead to increased caseloads for professional staff, increased 'separations' (ie more or less voluntary resignations and retrenchments) of senior professional staff, and increased numbers of less supervised junior professional staff. This led to increased staff stress and staff turnover, and perceived reductions in effective case management, with some resulting adverse media publicity around the management of families with children at risk. As a result, the bureaucratically organised agency was seen to be failing, giving evidence for the managerial proposition that it was essentially an ineffective way of delivering human services.

However the delivery of state human services through organisational forms based on market rationality also involves conflicts and contradictions, although these may be different to and are less well understood than those that apply in bureaucratic systems. This paper argues that, as quasi-market service delivery is implemented in practice, areas of professional discretion may again open up to manage or mitigate the conflicts and contradictions that become apparent in the new system. The size and shape of this discretion will be a response to the conflicts and contradictions of the contract state. To the extent that these are the old conflicts and contradictions in a new situation, the new professional discretion will remain similar to the old. To the extent that they are new conflicts and contradictions, the new professional discretion will be different.

Professionals in the contract state

In the government sector there is a cluster of new organisational forms that are to greater or lesser degrees based on market rationality. These are associated with the post-bureaucratic approach generally called new public management or managerialism They include: corporatisation, publicly owned service agencies with partially autonomous budgets, government business enterprises, outsourced service delivery to private or non-government organisations, and privatisation. Despite their differences, these organisational forms are all based on the theoretical foundations of agency theory. This is concerned to return control and power to the 'principal' who owns the right to make decisions and have them implemented, and so to reduce the power of the 'agents' who have the task of implementing those decisions (Alford et al 1994). The intent is to direct and control all agents, including professionals, who

in this new organisational model should be able to be held fully accountable to their principals.

In organisational terms, the key conceptual innovation here is the purchaser-provider split, which centralises decision making and control in the principal as purchaser of services, and delegates or distributes implementation and responsibility to the agent as provider. This centralises strategic control while decentralising tactical responsibility (Muetzelfeldt 1992). This is the 'steering not rowing' model (Osborne & Gaebler 1992), which is based on the insight of cybernetics that control systems are conceptually distinct from process systems (Beer 1959; Muetzelfeldt 1992:310-312), and the subsequent organisational separation of control and process. This insight was not available within the mechanical metaphors of the nineteenth and early twentieth centuries, or within mechanistic bureaucratic organisations that distributed control and process throughout the hierarchy. With the metaphors of computing and information the distinction between control and process has become well understood, and has been designed into the organisational forms of franchising, distributed organisations and-in the government sector-new public management.

Through the 1990s, the purchaser-provider split was increasingly implemented through the use of contracts that both separated the roles of purchaser and provider, while linking them together in specific-and generally quite narrow-ways. In this paper I refer to the contractualist variants of managerialism, together with the economistic discourse that lies behind them, as New Managerialism, to distinguish them from the managerialism of the 1980s.

Neo-liberalism assumes that the two parties have distinct interests and act out of self-interest, and through contracts purchasers and providers were indeed given different interests and strong incentives for acting self-interestedly. Contracts established relationships in which resources (usually money) were exchanged for the delivery of services that were specified by the purchaser with little or no consultation with potential providers. The services were generally defined in terms of specific services to individual clients, or, at most, to clearly specified groups of clients. Services did not usually include things that assumed that purchaser and provider had shared common interests or capacities (Muetzelfeldt 1994). For example, contracted services normally did not include the transfer of information from clients or professionals back to the purchaser, or joint participation in policy development. This lack of collaboration was deliberate. According to neo-liberal analysts, in the bureaucratic welfare state collaboration up and down the policy development and policy implementation system led to both inefficiency and (through client capture) the excessive growth of welfare services. Contracts were seen as an explicit way of breaking this allegedly self-serving collaboration, and contractual separation and narrowness was thus seen as a good thing. Australia is at the forefront of implementing many of these changes. Starting in 1992, the Victorian Kennett government was a leader in the use of contracts, and became identified as the contract state (Alford & O'Neill 1994).

This new organisational model, which was initially developed in and for the private sector in Anglo-American countries, picks up some particular complications when it is applied in the public or government sector. Briefly, governments are not only judged by their managerial or market effectiveness. The legitimacy of the government, its programs and their implementation is also crucial. Governments and government sector managers face a multi-dimensional set of performance criteria that range from efficiency to legitimacy and equity, in contrast to the private sector's assumed simpler objectives of profit and market share. As well, in liberal democracies the government sector has to be at least somewhat responsive to and engaged with the populace as citizens, rather than just marketing to clients or customers. There was no recognition of this when agency theory -- with its assumed direct and simple hierarchy of organisational power and authority -- was applied in the public or government sector.

New Managerialism is concerned with 'value for money' through the production of human services. It is not interested in, or good at, recognising and valuing the social as well as individual outcomes of social work, or at recognising that there are outcomes above the outputs that can be technically measured and managerially controlled. This leads to basic tensions and contradictions between economic rationalism and professional rationalism.

New Managerialism views management as a generic skill that can be applied in all circumstances (Ife 1996: 16). This locates it as the latest development of the Taylorist claim that management is a true science that can be universally applied (Rees 1995: 17), and which makes unnecessary the variability and unpredictability of autonomous professionals responding to a large range of different clients and situations. New Managerialism in effect assumes that all clients and situations can be classified into a manageable number of categories, and that for each category adequate service or treatment criteria can be developed, that will deliver specific outputs for each service. Consequently, the cost of adequate services can be specified, and the efficiency of services can be meaningfully measured. This disregards the complexity of clients and, more importantly, the complex social web within which clients are located and that can contribute to both the cause and the remedy of their ills. That is, in its urge to make problems and processes manageable, New Managerialism focuses on technical efficiency and disregards the effectiveness of professional outcomes.

There are major difficulties in identifying effectiveness in human service organisations, because these organisations have multiple and conflicting goals and their products are intangible (Hasenfeld 1992, p. 339; Considine (1988, p. 21) asserts that unlike transport departments which can measure miles of track per month or the number of passengers per day, it is more difficult to establish meaningful indicators in human services. Despite these difficulties, Jones and May (1992, pp. 389-390) note that social workers are now expected to analyse their programs and activities using management terminology. This may include participating in the formulation of strategic plans and performance indicators, or in specifying outputs that may loose sight of broader, more qualitative but crucial social issues.

Carniol (1990, p. 61) comments that in the majority of cases the relationship with the client is not rooted purely in the worker's concern for the client's welfare, but is governed by other factors which include the mandate of the organisation. This itself is not new, but it has become newly important and challenging for social workers as organisational mandates shift to give priority to economic over social objectives.

There is a burgeoning literature of critique and (to a lesser extent) description and analysis of New Managerialism. However, with few exceptions (Ife 1996; Jones & May 1992; Exworthy & Halford 1999) its impact on social work professionals has been ignored or only superficially addressed. The general critical literature assumes that the techniques of New Managerialism are smoothly and effectively implemented in all organisational settings, and that all employees, professionals and non-professionals alike, bend to its requirements and have no influence over its effects. Ironically, these critics share with New Managerialism's proponents a belief in its power as a management tool, and in the inability of employees to resist, shape or ameliorate its working in the organisation, or its effects on clients. Those few authors who do address New Managerialism's effects on professionals take reactive positions. They are concerned about its capacity to undermine professionals' established ways of thinking and acting, without questioning the professional compromises that were made under the previous (broadly bureaucratic) organisational systems (Dominelli 1996; Donovan and Jackson 1991; Aldridge 1996). A number of social work writers have come up with suggestions for how social workers might deal with the changing organisational context (e.g. Furlong and Smith 1994; Jones and May 1992; Laragy, 1994).

There is not a strong emphasis in the literature on looking for the proactive possibilities for a new professionalism emerging that enables professionals to achieve their objectives within

the organisational systems of New Managerialism. I now consider several areas where such proactive possibilities may be developed.

Professionals and advocacy

Under contracting, service delivery organisations' capacity to engage in explicit and indirect advocacy is severely reduced. Two factors cause this. First, confidentiality clauses that government requires in service contracts prevent service delivery organisations from disclosing information they obtain through performing the contract, including information from their clients. But also, the organisational separation between purchaser and provider, and the efficiency pressures on both, inhibit such information from being formally collected, and inhibit formal or anecdotal information from being informally passed 'up the chain' to the purchaser. This is, after all, what the advocates of the purchaser-provider split want. They argue that it will reduce 'capture' of the process by clients, and so ensure that policy control remains with executive government (Dunleavy and O'Leary 1987: ch. 3; Niskanen 1971; Victorian Commission of Audit 1993).

From the point of view of human service professionals, these two factors stop them exercising a professional discretion to collect and pass on relevant information, which they had done under bureaucratic public sector arrangements. However from the perspective of overall organisational effectiveness, feedback in the system is reduced, and this reduces the capacity for timely and appropriate political responses by government and government sector managers. In the short run, this may reduce political embarrassment and increase ministerial capacity to shape the service and its delivery. But in the long run, it removes public and private feedback channels that ministers need in order to be responsive, and so puts government at risk of losing contact with its electoral constituencies, and thus at risk of losing elections. In 1999, after seven years in office during which time it dominated politics in Victoria, the radically contractualist Kennett government lost an election that all commentators had assumed it would easily win. Although there is debate over why the electorate turned against the Kennett government in Victoria in 1999, the consensus is that that government lost touch with its constituency, and that the deliberate destruction of political feedback systems through contracting contributed to its electoral defeat.

While advocates of contracting may continue to warn against the dangers of 'client capture', politically astute governments -- and effective designers and managers of public policy processes -- will increasingly recognise that they need the timely if uncomfortable feedback that comes from professionals publicly competing with one another in their claims for expertise and in doing so draw on their experience with clients and give some voice to those clients (Considine 1994: 195-211) . This will provide an opportunity to increase this particular type of professional discretion. But just how much space it opens up, and the ways in which that space could be used, will in part be determined by the ways in which professionals respond to this opportunity.

Professionals and policy development

What does New Managerialism do to professionals' mediating role between the policy and service delivery aspects of social work? It treats service delivery as contained technical tasks, and neglects or inhibits professionals' capacity and motivation to drive policy as well as implement it. The Australian Association of Social Workers' code of ethics requires that its members work towards the elimination of inequality and towards social justice (AASW 1990), and this is generally understood to endorse professionals' contributions to policy debates in the light of the knowledge they have gained through policy implementation. But professional social workers have yet to find a voice within the constraints of New Managerialism.

In Australian as perhaps elsewhere, youth policy offers a first class case study to explore how new links may be developed between policy development and implementation in an era of New Managerialism. Youth welfare is widely recognised as now being critically important. The marginalisation of young people is increasingly highlighted in both the academic literature and by the media. Issues such as drugs, youth suicide, unemployment, poverty, crime and violence are to the forefront of contemporary analyses. Yet, for all that, the dominant response is either reactive and problem solving, or judgemental and blaming. Dominant Australian commentators give little attention to developing policies that could proactively prevent problems arising. This can be easily seen in media and political rhetoric. It also applies in the academic literature, for example Bessant et.al. (1998) notes the impact for youth in the shift from service delivery being based on notions of social justice and a rhetoric of empowerment, to being driven by economic rationalism. Yet this book gives only a handful of pages to the strategic policy implications of New Managerialism, and its prescriptions are cast in general and not very helpful terms. Those analyses that do address major policy issues, such as the publications of the National Youth Affairs Research Scheme and the Dusseldorp Foundation, are not informed by the experientially based knowledge of youth social workers.

Professionals and managerial objectives

Professionals may be able to contribute to two matters that managerialism considers important but difficult to achieve. These are quality assurance and risk management. Both are problematic for managerialists precisely because they are responses to basic management issues that arise out of the contradictory or conflicting purposes and capacities of neo-liberal social policy and its implementation through post-bureaucratic organisational forms.

Quality assurance has become newly important for two linked reasons. The separation of performance from control has made it important that purchasers are able to exercise control, and this requires that they know the quality of the services that are in fact being delivered. As well, the idea that there is or should be a market in which purchasers can shop among providers requires that the service delivery on offer in that market place can be assessed. Quality assurance, and the quality accreditation of providers, is an organisational response to these needs. The well established but mechanistic quality systems, such as ISO9000, achieve quality assurance through mechanisms that look very much like the task-specifying and process-documenting mechanisms of bureaucracy. They are vulnerable to criticisms of being inefficient and ineffective, for similar reasons that Blau & Scott (1962) found bureaucracy to be dysfunctional: both have a process focus rather than an output focus, and both assume that following process will lead mechanistically to the required outputs.

There are some examples of quality assurance that are based on professional knowledge and ethical performance, rather than mechanistic process. In Britain, the National Autistic Society has established and won wide acceptance for its own accreditation of providers of services for people with autism. This accreditation is based on each provider having and maintaining among its staff suitable knowledge of autism, how to manage it, and the needs of people with autism and their carers. In Australia, some not for profit human service agencies have similar internal assurance processes based on knowledge of and practices informed by professional and social justice criteria. There are examples here of how professionals might make themselves indispensable within New Managerialism.

Risk management is seen as a way of providing political and organisational protection against unwanted outcomes, at minimum cost. Partly, it aims to do this through allocating resources to the areas where risk is greatest. But also, it aims to do it through locating management practices within discourses that provide suitably legitimating accounts of why such unwanted outcomes were in fact able to happen. This has become more important as costs are cut and agents have more capacity to act on behalf of increasingly distant principals.

When human service systems fail, the government Minister with final responsibility characteristically tries to avoid that responsibility by saying that they had not been told. For example, recently in Australia the media reported that a private nursing home, which government assessors had rated as unsatisfactory, had used the medically inappropriate and publicly abhorrent practice of bathing elderly patients in a kerosene solution to manage scabies. The Minister's outrage: 'why wasn't I told earlier?' may be politically successful, but equally may leave public managers rather bemused. Ministers can not and do not want be told everything that happens in the systems they manage, and it could be a matter of judgment as to whether in this particular matter the Minister would have preferred to not know, provided the media also did not know. Risk management in cases like this would involve having a hierarchy of 'triggers' for passing information upwards, so that cases were decided according to criteria that the Minister knew and agreed to, so that managers were not vulnerable for retrospective accusations of not having done the right thing. However for professionals such system of 'triggers' could be a two edged sword. It might provide authority for invoking professional discretion in particular cases, but it would also place limits on when and how such discretion may be exercised.

One of the key steps in risk management is the allocation of probabilities that particular events will occur, and the allocation of severity to those events. While insurance actuaries may be able to allocate probabilities to insurable events on the basis of statistical evidence, such data is not usually available for the types of risky events that exercise the minds of those that make and manage human service policy. Equally, the severity of these events can not (as in insurance) be measured by dollars, but is rather a political and social judgment. So, in the allocation of both probabilities and likely severities, there will be crucial matters of non-technical judgment. Such judgment depends on the explicit and tacit knowledge that professionals have. Once again, there are opportunities for professionals to make themselves indispensable.

For both quality assurance and risk management, professionals' could adopt proactive strategies in which they could offer their ethics and knowledge as resources. This may lead to them having multiple but open accountabilities, which in turn would increase their areas of discretion in particular but limited ways.

Professionals and the new governance of welfare

In recent years, some of the most telling critiques of the bureaucratic welfare state have come from those who support its social justice objectives, but consider that in practice it failed to deliver them, and produced instead social dependency. These critics advocate state-supported but socially produced social inclusion and social justice through a new governance of welfare, in which the state works in partnership with corporate and civil society players to build social capital. Whether this can be made to work remains to be seen, but it is at least useful for drawing attention to three problems with the welfare state, and with bureaucratic rationality.

First, there is a focus on delivering benefits and services to economically disadvantaged individuals or families, rather than building civil society through developing social connectedness and networks for socially excluded groups and communities. Second, the welfare state provides 'service silos' (eg health, employment services, education and welfare as distinct service areas), in contrast to the Blair government's 'joined-up government' approach. Finally, there is a lack of place management, compared to the place-specific community-building work of some non-government organisations (for an Australian example of NGO-supported place management, see McHugh 1999).

The bureaucratic welfare state needed professionals to soften its rigidities and informally provide social connectedness and something approaching whole-of-life responses with at least

some place-specific features. Because it could not do this within its bureaucratic organisational rationality, it provided space for such necessary but rule-breaking activity by its staff and agents through a professional discretion of particular scope. However, often it could not manage the size and shape of that discretion, and ensure that it was used for, and only for, its intended purposes. Precisely because that discretion was outside the rules framed by its organisational rationality, the use of that that discretion could not be well specified or regulated. No doubt that discretion, once granted, was used in ways other than intended, both by not providing social connectedness, whole-of-life and place-specific responses, but also by providing other responses in keeping with either the professionals' or clients' values and commitments.

However here I want to primarily focus on the changes to professional discretion that are likely from the shift to contractual service delivery. Advocates of a Blairist 'radical centre' approach to social exclusion argue that community organisations are better placed than government organisations to provide socially connecting, whole-of-life and place-specific responses to social exclusion, and so government would do better to fund their social entrepreneurialism rather than its conventional welfare. This view is marginal in the Australian political left, being most prominently advocated by Mark Latham, a Labor Party 'young Turk' who is something of a thorn in the side of both the well intentioned and careerist leaders of the parliamentary party (Latham 2000). The question arises: could the social responsiveness of community organisations be combined with contractual arrangements to provide programs to combat social exclusion that were not only government funded, but also government driven? Could market rationality and social responsiveness come together in constructive ways? The 'Third Way' suggests that they could, and I have suggested how this might be implemented organisationally through the use of non-managerial quality assurance processes for service delivery organisations (Muetzelfeldt 1999).

The interesting point here is that if social responsiveness was turned into a market commodity that was bought by government sector funders and sold by community sector providers, then the role of human service professionals would be seriously affected. I would anticipate that their areas of discretion would be changed, and probably reduced. There would be more explicit expectations on professionals to provide socially connected, whole-of-life and place-specific services, or to provide meta-services that helped groups and communities develop such services amongst themselves. And they would - to the extent that it was organisationally feasible - be held accountable for those specific outcomes. They would lose discretion, and so would find themselves under increased accountability for providing many of the services and meta-services that they as professionals may have wanted to provide all along. But equally, their opportunities to provide other responses that reflected their or their clients' values and commitments would probably be reduced. For example, depending on governmental priorities, professionals might find themselves being required to and held accountable for building community networks in particular local geographical areas that were electorally sensitive, but not in other areas. And they may be expected to build community networks among, for example, reactive environmentalists (such as rubbish collection and recycling groups), but inhibited from building such networks among gays, drug users or proactive environmentalists (such as anti-consumerist groups). The very organisational innovations that might make feasible the marketisation of social inclusion programs would itself provide the organisational capacity to manage professionals in ways that could channel their capacities in specific directions, and reduce their discretion to act in other directions.

Professionals' responses to New Managerialism

There is an important distinction between individualistic and group responses to the perceived threats, challenges and opportunities that New Managerialism throws up for professionals.

As individuals, professionals may internalise economic rationalism and become agents of New Managerialism, giving up their professional alignments and becoming co-opted into an economic rationalist agenda. Or they may resist it and become its opponents, pursuing their professional directions in an organisational setting that does not provide the necessary support and infrastructure for that professionalism. Either way, it is likely that clients will suffer. Most likely, professionals will oscillate between co-option and resistance, following each option in specific and selective contexts. This might result in fragmented and non-integrated organisational and professional discourses and practices that manifest in a range of problems in social work organisations, in the professional and personal lives of social workers, and in the outcomes for their clients. Both the co-option and resistance responses to New Managerialism, as well as oscillations between them, are unsatisfactory. It is not too hard to find examples of each of these reactions. Unfortunately they are all reactive, and in several ways 'unprofessional'.

A different type of response, transcending the co-option/resistance dichotomy, would involve a new integration. More or less successful integration would lead to a win/win outcome in which professional practice would contribute to an emerging new approach to a professionally and economically responsible social work. In this paper I have aimed to show some of the possible opportunities for professionals to achieve this. I have argued that the starting point needs to be an analysis of the conflicts and contradictions within the organisational and political field that New Managerialism presents to them. As well, it requires that they act together as a group, using their professional organisations, knowledge and ethics as crucial resources. If the analysis and the resources are deployed well, they should be mutually supporting. It would be a powerful engagement within a power-laden context. And it would be, in the full and traditional sense of the word, a fully professional response to a new situation.

There is a need to explore the possibilities for a proactive re-engagement between welfare professionals and the New Managerialist organisational contexts in which they increasingly work. Social workers have always had to find ways of accommodating their professionalism to prevailing organisational requirements: that is, as organisational requirements change, so too do social workers' accommodations. Without down playing critique, we need to look for the possibilities for new modes of positive accommodation and engagement.

This project of proactive engagement fits within an analysis of professionalism and power. I have argued that contractual relationships undermine trust and solidarity (Muetzelfeldt 1994), and that markets systematically impose on people responsibilities that are out of kilter with their capacities to act in accord with those responsibilities (1996). As well, Boston et al (1995), Rayner (1997) and Rees & Rodley (1995) amongst others point to the social, democratic and cultural deficits that have resulted from market-oriented restructuring of politics and public management in Australian and New Zealand.

A theoretical foundation for this critique is provided by Rose and Miller. They have proposed that the conventional 'opposition between the state and civil society is unable to comprehend contemporary transformations in modes of exercise of political power' (1992: 173). They consider that: ..... the political vocabulary structured by oppositions between state and civil society, public and private, government and market, coercion and consent, sovereignty and autonomy and the like, does not adequately characterise the diverse ways in which rule is exercised in advanced liberal democracies. Political power is exercised today through a profusion of shifting alliances between diverse authorities in projects to govern a multitude of facets of economic activity, social life and individual conduct. Power is not so much a matter of imposing constraints upon citizens as of 'making up' citizens capable of bearing a kind of regulated freedom. Personal autonomy is not the antithesis of political power, but a key term in its exercise, the more so because most individuals are not merely the subjects of power but play a part in its operations. (1992: 174)

They emphasise authorities' techniques of 'governing at a distance' through acting upon the will, circumstances or environment of others, through building political rationalities, and through exercising governmental technologies of information and calculation. In all of this, expertise-with its capacity to mobilise and deploy knowledge, meaning, management and motivation-is central. These techniques of governing at a distance, which they argue could be seen in the practices of the British welfare state, find particular application in the neo-liberal advocacy of markets, rather than regulation and planning, as the primary mechanisms of social and economic coordination.

Individual or corporate agents have been privileged over solidarity groups. Self-interest and contractual relationships have been privileged over social interests and communal involvements. Markets have been privileged over politics. In all of this, social associations such as interest groups, unions, and-of specific interest here-professions, have been redefined as, and increasingly have tended to act as, instrumental bargaining agents or corporate representatives, rather than as the sites at which social interests can be articulated and given substance.

Consistent with this is the view that the governance of production takes place through multiple channels, and is driven-if it is driven at all-by the prevailing discourse that catches up within itself all relevant practices, including those that would conventionally be ascribed to the state, as well as the organised groups and institutions of civil society. This reading is consistent with the Rose and Miller analysis, and can lead to the view that power is so dispersed as to be either not relevant or else effectively beyond the grasp of any project-directed agents. Yet markets do not dissolve power. In markets, agents operate within incentive structures that give them market-rational reasons for acting in some ways rather than others. Organisations and governments can and do selectively mobilise or shape incentive structures so as to induce apparently free market agents to choose to act in ways that serve their policies (Muetzelfeldt 1992). This is, as Rose and Miller put it, governing at a distance, and through the exercise of power "'making up' citizens capable of bearing a kind of regulated freedom" (1992: 174).

All professions have with more or less success engaged in contests over power to establish themselves, and human service professions will need to engage in a power contest to reestablish themselves in this new situation. To do this successfully, they will need to act not as interest groups representing individual interests, but as the sites at which social interests can be articulated and given substance. The contest needs to be engaged on the field of governance at a distance, of the making up of professionals as well as of citizens who can bear a kind of regulated freedom. This would involve a redefinition of their professionalism that would see some traditional discretion put at risk and probably lost, and some new discretion open up. However, professions working in and against the state have always borne a kind of regulated freedom. The question is, just how regulated, and just how much discretion. The answers will depend on the use of power. Following Clegg (1989), power in this case moves through circuits that include the structural factors of the conflicts and contradictions within New Managerialism; the facilitative discourses, meanings and identities that professionals and other players use to mobilise themselves and see their possibilities for action; and the strategic and tactical decisions about where when and how to act. And it involves the state not only as a participant in this power contest, but as the obligatory passage point through which they must take their immediate successes in order to get them fixed and institutionalised.

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