

The birth of the relational state

Geoff Mulgan, February 2010

Are we seeing a shift from a production or delivery state to a relational state? From a state that does things to or for people to one that does things with them?

Here I briefly explore a new vision for the role of the state, and set out some of its implications for the tools of policy and the roles of public servants. It's a vision which may help to address the tension many public servants feel between what they have to do and what they want to do. And it's a vision that may help to square the circle of growing demands from citizens and insufficient resources to pay for them.

The last 18 months has seen an extraordinary resurgence of government. Decisive action was taken in response to the financial crisis, so far with remarkable success. New roles, regulations and spending programmes have come in at great speed. Government has reasserted its primary role in protecting people from risks they cannot handle themselves. The threat of a profound depression has been, at least for now, averted.

But already there are signs of a backlash. Individual elections suggest electors are unwilling to see the state grow. There is no sign of an appetite for a higher share of tax in GDP anywhere. People may be glad that government stepped in – but they are unlikely to be grateful.

Governments do not exist to grow the economy, to deliver services or to police their borders. Instead, as political scientists have often emphasised, governments are better understood as existing in order that governments should exist. A primary purpose now, as in the past, is to legitimate themselves. Fortunately, in doing this they also do good, and serve the people, build roads, provide healthcare and welfare.

Throughout the modern era governments have faced crises of legitimacy. The result has been a constant effort to reshape the tools of government – programmes, taxes, subsidies, regulations, collaborations – to deliver more legitimacy, both for individual rulers and parties, and for the systems of

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which they are a part. Successive phases of reform have been built around new answers to these questions. Over the last 30 years the dominant answers in the western world centred around performance, delivery, and doing things to or for people. The premise has been that success in setting targets and achieving them would reinforce public trust. Greater transparency, choice and competition, and efficiency, would arrest the crisis of legitimation. Parts of government were therefore remodelled like a manufacturing industry, transforming inputs of money into measurable outputs.

In different forms these ideas have had considerable success, and they remain influential today. Many governments around the world are still putting in place performance management systems and strategic plans with quantitative targets, whether they concern economic growth, ubiquitous broadband, subsidised childcare or carbon reduction.

But this idea of the 'delivery state', conceived as like a production line, has repeatedly hit barriers. Even if the targets are met they may miss the point. The public may not be grateful. They may not share in any sense of achievement. And they may resent the tools used to achieve success.

For politicians this is the great irony of the many reforms associated with the 'new public management': the governments which carried out reforms most enthusiastically were no more likely to be re-elected than those that did not.

This may be the clue to where government is headed once it has exhausted some of the options around delivery and the policy production line. If legitimation is actually the heart of the state, **government can succeed better by *directly* addressing the quality of its relationships with the public**, rather than doing so indirectly through promises and their delivery.

In this vision government becomes the hub of a series of relationships throughout the economy and society, which are organised in ways that create trust and legitimacy, and public value. Of course they can only do this by also contributing to the achievement of other goals – better health, stronger economy, less crime etc. But it's the relationship that is core (the analogy would be with a husband and wife who both attend to earning money and

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looking after the children, but try not to forget the evidence that ultimately it's the quality of the relationship that counts).

A government which is organised around relationships, and acting with others rather than just doing things to or for them, starts to take on a very different character:

- i. It measures different things. Some governments already use as targets subjective measures: fear of crime rather than crime; patient satisfaction as well as health outcomes. When this happens very different behaviours follow. Public servants have to become involved in the finer grain of social dynamics, in how people feel as well as what's easily counted.
- ii. Its style of operation changes, so that alongside delivery through vertical bureaucracies, government comes to focus as much on coalitions, for example around obesity or climate change – in which it won't always be the dominant player.
- iii. The balance of front and back end changes: the front end becomes more important, handling both automated relationships with the public (eg over taxation or licenses) and the one to one relationships critical for personal plans in health, learning or welfare. Variants of CRM (and in time VRM) become more significant, and partially displace the crude communications done via the mass media.
- iv. Co-production becomes more formalised, for example through personal budgets for health or care, community dividends which allow communities to share in savings achieved and Social Impact Bonds which institutionalise sharing of risks and rewards.
- v. Government takes its own pulse not just by looking at the control panel of outputs and outcomes but also at feedback on the quality of its relationships. Some public systems are already doing this using Social Network Analysis tools which map individual relationships (and reveal very different patterns to what most governments expect).
- vi. Every aspect of government becomes feedback intensive – seeking out and encouraging feedback from parents, citizens, victims, patients, entrepreneurs, welfare recipients, taxpayers &c, but also

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communicating back (as for example, some agencies now intervene in twitter or web comments on their services).

- vii. Within government, new methods of performance appraisal come to be used. Google in the private sector does this already for its own staff, judging them by feedback from key relationships rather than traditional output targets (and calibrating pay to these 360 feedbacks rather than outputs and outcomes).
- viii. The balance of roles between politicians and officials becomes blurred, because both are engaged in overlapping tasks of relationship management.
- ix. Strategic planning becomes as much about process as about outcomes, so long as the process leaves behind a stronger set of commitments and relationships, sometimes with new institutions to mediate these decisions (such as South Australia's new Sustainable Budget Commission, bringing together civil society, business and academics).
- x. Significant investment is made in consultation, engagement and conversation with the public (albeit with care to ensure that these don't seem like alternatives to actually doing things). In some cases the public are directly involved in budget setting, or at least deciding on spending priorities at the margins.
- xi. Government only rarely acts as a direct provider, or manager of services, or even a purchaser in the traditional sense, and continues its progression towards becoming more often a commissioner, looking at the overall ecology of a system.

Each of these trends is already visible in many governments today. What's interesting is that some were thought of as luxuries during the boom years but are now being seen as necessities to cope with much fewer resources and a different division of labour with the public in an era of greater stringency.

What follows from this model? One implication is that governments will need more conscious strategies for building up their relational capital, as well as more conscious strategies for spending it sometimes saying to the public, for example, that they will have to work until they're 70, drive less or pay higher fuel prices. Another is that the role for public servants has to adapt. In the

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New Public Management model, the public servant's role was simple: politicians became 'principals' who set goals and targets for officials, their 'agents', to meet. If they succeeded they thrived; if they failed they were out. In the new model they have to manage and account for their relationships which are bound to be more multidimensional. This may appear harder. But it takes public servants back to a richer idea of what it means to be a servant. The best services are relationships.

A third implication is that the role of politicians may need to change too, perhaps becoming less like chief executives and more like chairs; perhaps sometimes 'being' as much as 'doing', making their pitch to electors through a brand with a set of values rather than a checklist of tasks to carry out.

This approach to government is unlikely to be the only model. Good governments will still need to sustain a wide range of ways of working. When crises hit people will want governments that can act decisively; in other fields they will want government to be a regulator; and in some they will undoubtedly want provision.

But this idea of the relational state looks set to be the one that will become increasingly mainstream, perhaps particularly during hard times when the state will need to legitimate difficult choices over trade-offs: cutting services, welfare provision or increasing costs of carbon. Decisions of this kind are likely to be easier to legitimate if there is a healthy relationship between states and citizens, a spirit of 'with', rather than in a consumerist context where government simply delivers things 'to' passive recipients.

In many individual fields this could also be the only route forward. In the fields of ageing and healthcare, with steadily rising costs and demands, there are no plausible 'delivery' strategies fit for the likely patterns of chronic disease over the next 20-30 years. The only plausible strategies involve a changed mix of responsibilities and relationships between acute, primary and self-care. The same is true of climate change: carbon reductions can't be delivered to the public. They have to share the work, and some of the pain.

So where should we look for the green shoots of the relational state, for the practice which points the way to the future? What new skills, styles and

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structures will come to predominate? Will public agencies need to recruit different kinds of people, prioritising social intelligence relative to analytical intelligence; story-tellers relative to number crunchers; empathisers relative to economists? All of these developments, messy, and contradictory as they are, could be logical ones, natural aspects of democracy turning from being government for the people to government with the people.

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