

A Reflection on Small Government

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This paper discusses the issue of small government in Korea by way of reviewing a recent article on the subject published in Spring, 1992 in the *Korean Public Administration Review*. The article is by four Korean political scientists led by Dong-Suh Bark. The Korea's Fifth Republic of the 80s under Chun Doo-Whan first broached small government. Largely, to redeem his coup-tarnished Fifth Republic, Chun streamlined the bureaucracy. This resulted in personnel reduction, consolidation, and the adoption of a zero-base budget.

The Sixth Republic under Roh Tae-Woo formed a group to study governmental reform. Nothing much came of it, however, as Roh gave way to pressures resisting change. Coming into power in 1993, Kim Young-Sam, the reform-minded president of the Seventh Republic has put forth small government as a part of his overall reform agenda.

The article is a thoughtful contribution to a debate on what shape Kim's small government may take. It contributes to the debate by first attempting to conceptualize small government by tracing its origins. Next is a discussion of issues involved in determining the size and scope of Korean government. Finally, the tasks Korean small government may have to face up to is considered.

Philosophical concepts of small government are traced to the Lockean limited government and the 19th century liberalism. But the article traces the immediate sources of small government to an increasing untenability of the Keynesianism, a general disillusion with welfare state, and American conservatives 'backlash against' the expanded state under 'liberal' policies of the New Deal to the Great Society.

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The foregoing trends and values were best expressed in Reagan and Thatcher's conservative policies of the 70s and 80s, the heyday of small government. Reagan and Thatcher pushed for a contraction of the state's role in economy, away from Keynesianism, a roll-back from social policy commitments, a reliance on market for policy implementation, and a return of powers to the people and community.

The article draws from, among others, Reagan and Thatcher policies four elements it claims represented in the concept of small government. Privatization is one, where you allow private sector to implement public policies, thereby, contracting the public sector. Deregulation is another, diminishing regulatory powers of the government. So, this may result in the waning government power and authority.

The next is decentralization, a returning of powers to the people and community. Lastly, the article cites democratization, a balancing of powers between the state and civil society, a softening of the government's presence in people's lives, and a general advancement of democracy.

The article also loses no time in pointing out the most traditional source of small government, economy and efficiency, a twin value, that shaped, as still does, much of public administration theory and practice. Economy and efficiency stand for an effort to deliver a lean and an efficient government. To this end, a variety of measures evolved: merger, consolidation, elimination of duplication, merit, and a rational budget, in short, streamlining and rationalizing bureaucracy.

For Korea to realize any of these values and approaches in her small government reform, the article suggests that she must first understand the real scope and an impact of her government's involvement in society. It goes on to say that just looking at conventional data such as the number of bureaus, personnel, size of budget, or ratio of government expenditure to GNP is not enough. For these do not include all functions and activities comprising a significant part of the Korean public sector. Also, to be considered are quasi-taxes, tax expenditures, social cost, public and quasi-public enterprises, and political culture.

Quasi-taxes, or what the article calls 'administrative rent' refers to prices paid unofficially to bureaucrats and politicians by businesses and citizens, in order to conduct business with the government. In short, it includes graft plus what business establishments routinely contribute to public projects and coffers outside of the regular tax system.

Tax expenditures are revenues government forfeits, when it grants tax exemptions and deductions to individuals and institutions. In 1965, tax expenditures amounted to 8.4% of Korean government expenditures; in 1973, 32.3%; in 1984, 3.85%; in 1987, 7.5%, (Bark, et al., 1992:50). Variations reflect changing policies; with 1973, being the peak of the state-guided economic expansion.

Public and quasi-public enterprise, interest groups, professional and other asso-

ciations should also be included in the scope of the Korean public sector. Korea has 124 public enterprises, with over 370,000 employees, accounting for 10 percent of gross domestic product (Bark, et al, 1992: 51). Korea has numerous publicly subsidized institutes, associations, and groups, which often act in the government's behalf. To be considered also are sundry local agencies implementing central government policies.

Social cost of public policies is still another consideration. For example, military service reduces gainful employment. This must be a considerable cost to Korean economy.

Lastly, there is political culture, Koreans are still steeped in a political culture, in which they both defer and fear government power and authority. Strong and authoritative government is expected, if not avidly desired. Government dominance in forging social and economic transformation in contemporary Korea reinforced this perception. Reducing the grip government power and authority has on the minds and perceptions of public should be a part of small government reform.

In summary, undertaking small government reform is a far-reaching task. What shape Kim's small government takes depends on how far Kim is willing to go. The article warns that 'policy fashion' should not guide it. We should consider issues and forces facing Korean government, to understand what form of government is needed. And the article identifies as the tasks and issues the Korean government has to face up to as, (1) democratization, (2) social development, (3) economic development, and (4) unification, Northern policy.

The article concludes that the shape of government best capable of meeting challenges of these tasks may not necessarily be a small government. In fact, it suggests that Koreans may mistake a small government for a weak and an ineffectual government. Korea may need a strong government for some tasks. This is not to deny, however, that Korea needs to streamline her governmental operation that may require a small government.

All in all, the article is a balanced presentation both for and against small government. Implicitly, it directs Korea's small government reform to three areas: a continuing need to look into ways to improve economy and efficiency, doing something about informal and quasi-public sector, and narrowing a cultural and perceptual distance between government and masses.

Picking up on the foregoing issues and perspectives set forth in the article, this paper provides a broad commentary on why small government, understood as an ideological backlash against welfarism, has no place in Korea. But an economy and efficiency sense of small government, broadly conceived as a quest for appropriate organizations and institutions, may have a role.

Thatcher and Reagan took up on small government, reacting to as well as reflecting consequences of growth of their respective governments, growth

spurred mostly by a need to look after consequences of their two centuries or so old capitalism (Morris, 1983; Ackerman, 1982). Welfare states represent how the European industrial powers determined to deal with consequences of their capitalist economy. Though not a completely realized welfare state, so does the U.S., social policies (O'Connor, 1973).

With a changing world economic order and a recession of the 70s, the European welfare states and the U.S., social policies, once considered necessary to their respective economies, came under an increasing attack. Assumptions and consequences of welfare states and social policies, the state activism, taxation, social equity, and entitlements, were called into question. The argument goes that the state activism erodes freedom. Taxation contributes to a disincentive to investment. So do equity and social entitlements to a disincentive to work (Offe, 1985: 147-149). This put working class in disarray, and capital asserting a new ground.

If class was certainly an underlying issue, so was race (Cloward & Piven, 1993). The white middle class- initiated property tax reduction measure, California's Proposition 13 of 1978, was a signal event that ushered in the Reagan era. It was an event that was as much a white middle class' vent against increasing taxes as against minorities whom they viewed as being overly indulged by American social policies, which their taxes supported (Morris, 1983).

The moral to Korea is that small government is a reaction to a complex of factors, political, economic, racial, and class, following a near century or so social experiments by the Western industrial powers, whose capitalism predated Korea's at least by two centuries. For Korea adopting it is to ignore the context that spurred small government, the context given shape by dynamics and forces of Western political values, economic system, and social welfare system that have been in place for over a century.

Korea's social policies must be expanded, sustained, and honed for years to come, to warrant a credible reaction. Korean capitalism will take years to mature. With maturity, a sound public-private sphere will emerge in Korea, spawning an indigenous need for small government. Social investment needs, capital and labor accord, environment, and education, to name just a few critical ones, call for anything but an active state in Korea. Indeed, as in the sense the article concludes, Korea may need a stronger and perhaps, an expanding government.

Korea may be very much in need, however, of economy and efficiency sense of small government, as the state bureaucracy and institutions could certainly improve their operating efficiency. Here, again, one may need be critical, because small government, understood as a way of improving economy and efficiency, has more than meets eyes.

Ideological as well as economic-driven consequence of Thatcherism and Reaganomics was an overall fiscal retrenchment. Rationale being: starve agencies

and programs of funding, thereby, disciplining them to do more with less (Levine, Rubin, et al. 1981). That this make them lean and efficient is largely an untested assumption. So is a litany of small government implements that they deliver economy and efficiency, downsizing, privatizing, competition, franchising, to name a few popular ones (Savas, 1977, 1983; Stein, 1993).

Proof, even if possible, will not be unequivocal. The social costs of dismantling programs, and instituting privatization, is difficult to estimate, albeit real. For example, corruption, demoralization of civil servants, and Constitutional issues are serious (Morgan & England, 1988; Thayer, 1987). Before it is economics, retrenchment is also a consequence of politics that affects as well as causes tax restraint, and bureaucracy bashing. Equating retrenchment to economy and efficiency helps mask politics. Economy and efficiency take many forms and ways to accomplish it. Small government may or may not be one of them, depending on where and how you apply it.

Underlying small government issue is how to organize public administration. That is, a quest for an appropriate approach or a model, thereby, to implement and deliver public policy goals, goods and services. To this end, the following four approaches are briefly examined to see how each may apply in Korea: a Weberian classic bureaucratic structure, market, a pluralist model, and an institutional approach.

A Weberian bureaucracy provides an organization, where rationality rules the organizational goal accomplishment. Organizational goals are broken down into a logical order of hierarchy. Actions follow a prescribed pattern designed to accomplish organizational goals with efficiency and economy. Rules, regulations, and norms make such prescribed actions possible. Rules and norms include, among others, that a bureaucrat separates his official self from private self and serves everyone equally. Products and services bureaucracy delivers are standardized, which makes efficiency as well as equity possible. Everyone in and outside of bureaucracy knows what bureaucracy is up to—its norms, rules, products, and services (Jennings, 1991).

Isn't this what Korea needs? That is, a government where a public official separates his private interest from public interest, carries out his duties by rules everyone knows, serves and treats every citizen-client equally. Small government may focus on a thorough rationalization of Korean bureaucracy. This may, though, have to await rationalization of Korean life, a rationalization that Weber posited to follow industrial capitalism. Rational bureaucracy will aid rather than hinder Korean democratization at this juncture of Korean history, misgivings about bureaucracy and democracy notwithstanding in the literature.

While bureaucracy uses hierarchy to produce and deliver goods and services, market uses a non-hierarchical exchange relationship to do the same. In this

sense, market is an alternative to bureaucracy. That is, the more the reliance on market, the less the need to add bureaucracy. Hence, a restraint on government growth. The Korean government has never been shy from using market for public purposes. Whether this was done to conscientiously to restrain growth or as an expediency is debatable. Perhaps, small government reform should be an occasion to reflect on it.

One way to look at Korea's industrial policy is to view it as a way of using private sector to advance public policy goals (Amsden, 1989; Kirk, 1993). Should Korean government pull itself out of industrial policy management, it will help curb influence of government power and authority as well as quasi-taxes and government-business collusion. This way, a part of small government reform objectives will be achieved. Has Korean economy grown mature enough to allow it, however?

Using private sector and its market forces to implement public policy is illustrated in educational policy. Running private educational institutions is largely a lucrative enterprise, with demand assured. The reliance of Korean government on private educational market for its educational policy implementation is inordinate. Think how much the Korean government is saving by itself not going into educational delivery!

Educational market has a monopoly characteristic lending itself to a potential for abuse. Korean government meets it with elaborate regulations. Deregulation will help check the government power and authority in education. But are Korean educational entrepreneurs a self-enlightened group, capable of self-policing and controlling?

Market could serve small government in another way. Improve economy and efficiency of government by determining what government should do, based on citizen-consumers choice and preferences, the same as in market. This public choice perspective will enable to separate goods and services subject to government distribution from ones subject to market distribution (Ostrom, Tiebout, & Warren, 1977; Stein, 1993). This tells both government and market what each should and should not be doing. Each stays clear out of each other's way. This may enable government to shed some of its loads.

Another way is to encourage public entrepreneurship. That is, public managers make use of market concept and tools to economize as well as expand its resource-base, and replicate market conditions, where possible, in inside of organizations to improve economy and efficiency (Osborne & Gaebler, 1993). Market could still be used from another perspective, to foster values and ideas spawned by market, e.g., individualism, autonomy, and choice-taking, values, presumably, helpful to democracy (Lindblom, 1977). This may also check democracy-hampering effects of bureaucracy in long-run.

If making government responsive and accountable to constituency is a goal of small government, pluralism provides another approach, an approach where political interests and processes determine much of how government including bureaucracy looks like. Contrary to the adage that politics should not meddle in administration, a pluralist model allows politics in administration to make it responsive to segments of constituency it serves. Bureaucracy itself becomes an interest group vying for influence and power and cultivating support (Allison, 1969; Moe, 1989).

Goals, behavior, and outcomes of a pluralist bureaucracy are, therefore, fluid and dynamic, with standards of services uneven and procedures in flux. Interest groups capture bureaucracy they deem should be serving their interests. Imagine Korea's organized labor capturing the Ministry of Labor, or environmental groups the Ministry of Environment! This is a system where you trade efficiency and equity for responsiveness.

Could Korea's small government include such a change? Some may argue that Korean bureaucracy is already plagued with politics. Politics they refer to may likely be of patrimonial variety. Politics takes place in a liberal democracy in the context of an active civil society, which Korea is yet to develop.

'New institutionalism' suggests another line of thinking (March & Olsen, 1984; Ferris & Tang, 1993; Scott, 1989:38-55). The 'new institutionalism' says that organizations, their settings and operations, are pre-conditioned by mores, customs, and symbols that inhere in individuals and groups, community, society, among organizations, as well as that organizations themselves spawn. It suggests that public service deliveries and institutions could be organized, drawing on these pre-conditioning institutional factors.

An example: a custom of grown children looking after elderly parents, its implications to setting up a retirement or an old-age assistance policy. Confucian culture-driven parents' zeal for their children's education is another. Monies Korean parents spend privately on their children's education exceed government's educational expenditure (The Korea Times, 1993: 3/211B 22). Shall Korean educational policy or welfare policy be one drawing on existing customs and norms or going against them? Whichever choice policy-makers take will have a considerable impact on size and scope of government.

Public administration of any modern society, with a functioning capitalism, may likely be a mosaic of the foregoing four approaches. That is, each approach may have a varying presence in any given society, a variation explainable by that society's stage of development, culture, history, and values. Korea's small government reform is an opportunity to take stock of the present and examine it against each of these approaches as well as approaches ably set forth in the article reviewed.

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