

### **3. Theories of Public Management Reform and their Practical Implications**

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#### **Introduction**

Before considering the wisdom and the practicability of transferring innovations in public management to the countries of central and eastern Europe, it would be helpful to know more precisely what is meant by 'public management' and how and why it should be regarded as significantly innovative. This chapter tries to supply that need by providing a theoretical background designed to explain how these concepts came into use in western Europe and to begin some critical evaluation of their application to the practice of public administration. Our concern is, therefore, practical as well as theoretical, and it is worth noting that in this field of endeavour the distinction between the practical and the academic is anyway blurred. Indeed, public management now describes a ruling paradigm for both the study and the practice of public administration, which in this respect have become more than ever indistinguishable (see also Chapter 2 above).<sup>1</sup>

Since our main purpose is to provide necessary theoretical background to an evaluation of the feasibility of adopting a similar paradigm in central and eastern Europe, much of the following analysis covers ground and draws on sources that will be already familiar to most western specialists in this field. First we shall introduce the philosophy, doctrine or movement known as New Public Management (or NPM) and then explain briefly two theories of administrative reform underlying it: on the one hand, public choice theory, and on the other, Neo-Taylorism. These theories not only inspired the rise of the NPM movement in the United Kingdom, but also influenced the

movement of Public Entrepreneurship in the United States of America, which forms the subject of a following section, before we attempt to assess critically the performance of NPM and draw some conclusions about its practical implications.

## **New Public Management**

Styled by many authors (e.g., Pollitt 1990; Hood 1990; Aucoin 1990; Walsh 1995) as 'New Public Management' (henceforth, NPM), this new ruling paradigm of innovation in west European public administration typically advocates the following series of shifts of emphasis in the way the public sector is organised and managed. The different items on this list are chosen at random from various sources and are not presented here in any logical order:

1. a recommended shift of general emphasis from policy to management, with administrators becoming fully cost-conscious in every action they take and preferably *before* making decisions;
2. clusters rather than the pyramids as the preferred model for the design of administrative systems (for example, autonomous agencies form relationships with their home ministry on the basis of contracts);
3. in place of planning and hierarchical execution of decisions, a dichotomy between core policy activities and adaptive operational services;
- ④ 4. a process-oriented administration gives way to an output-oriented administration (hence the insistence on performance indicators, evaluations and performance-related pay, and quality improvement);
5. flexible provision of individualised products instead of collective provision (the customer replaces the citizen, and the 'production line' of public administration is broken down into individual pieces for contracting out or privatisation);
6. an emphasis on cost-cutting rather than spending (the modern administrator's motto is value for money, that is, to do more and better with less or the same);
7. the purpose of ownership is seen as efficient management rather than possession (budgeting in terms of simple input/output quantities is replaced by 'accrual' accounting, and all public services are considered for privatisation, if their commercial viability may be sustained at less cost in the private sector).

In other words there can be a large variety of NPM conceptions and applications, and not all the operational shifts itemised above may be consistent or compatible with others.<sup>2</sup>

Nevertheless, NPM, according to most of its interpreters, has common roots and combines two theories or visions of what administration is or should be: public choice theory, itself rooted in the economist's theory of rational behaviour, and Neo-Taylorism, which belongs more to organisational theory and classical management theory.<sup>3</sup>

### **Public choice theory**

Public choice theory is principally concerned to demonstrate inconsistencies in the classical model of representative democracy and to propose an alternative basis for decision-making in government or 'public choice'. Authors like A. Downs (on representative democracy, 1957, and on bureaucracy, 1967) and W. Niskanen (on bureaucracy, 1971), who may be considered founders of public choice theory, introduce such a model for the convenience of their argument, even though it may be questioned where anything truly resembling it exists in practice. They broadly conceive the classical model of representative democracy, and its consequences for bureaucracy, as follows:

1. Social demands are expressed by society and the electorate and mediated (mainly by the political parties) by way of parliament, where they are treated and where decisions are made jointly with the government, which is responsible for all problems of definition and implementation of policies. (In practice, of course, this circuit of power works as often as not in a reverse direction, the government being empowered to take political action on its own initiative by means of a direct link with the people as electorate.)
2. The government prepares and implements legally-enforceable decisions by means of the public administration which, though it provides public services to pre-determined categories of citizens, is not allowed to be otherwise selective in its relations with the people as electorate.
3. The democratic Welfare State functions in practice in response to the rational, economic, atomistic behaviour of all relevant actors, and in so doing favours bureaucrats (Niskanen, 1971).
4. Like any other rational actor, the bureaucrat has sets of well-formed preferences, which he or she egoistically (or instrumentally) tries to satisfy by 'maximising his or her own utilities', as economists say. Utilities can be wages, 'perks' and fringe benefits, loftier bureaux,

- thicker carpets, but also power, public reputation, patronage and so on.
5. The bureaucracy maintains a monopoly of information and expertise in relation both to its own 'sponsor' (political representatives) and the people. Politicians are too busy safeguarding their political assets and futures to discuss policy decisions by bureaucrats, who alone determine the costs and benefits of bureaucratic action. Moreover, bureaucracies act as monopolies since there is seldom competition between them to produce a given public output.
  6. The result of bureaucratic rationality is, therefore, excess 'supply' of bureaucracy. In terms of neo-classical economics the bureaucracy ignores the law of diminishing marginal utilities and continues to produce an output, even when the marginal utility of that output for society has become too low. In other words, by continuously expanding their budgets, bureaucrats please the politicians, who can vaunt their ability to increase public spending in their constituencies, and also get direct individual benefits (in terms of power and prestige) from the same budgetary growth. The general result is waste, or in other words progressively rising levels of public spending and progressively falling levels of public service.

Niskanen has proposed the following measures to counteract this bureaucratic monopoly (Niskanen, 1971):

1. More competition in the delivery of public services.
2. Privatisation or contracting-out in order to reduce waste.
3. More information about the availability of alternatives to public services offered on a competitive basis, and about comparative costs.
4. Stricter controls on bureaucrats either through the executive or, more effectively, through the legislature, especially by means of checks and balances.<sup>4</sup>

### **Neo-Taylorism**

This other theoretical basis of NPM can be treated more concisely. Although Neo-Taylorism advocates many, often conflicting solutions, which cannot all be discussed in the confines of this article, it focuses exclusively on the bureaucracy and does not elaborate on the nature of the political system. In effect, Neo-Taylorism limits itself to the internal organisation of bureaucracy, whereas public choice focuses on the relation between internal and external organisation.

Neo-Taylorism is, nevertheless, political in the sense both that it deliberately avoids shedding light on the role of the political system in the provision of public services and that it directs public attention to the individual performance of ministers, which has, of course, political implications. Politicians are, however, often portrayed as performing badly at management and too weakly as leaders (Perry and Kraemer 1983; Pollitt 1990, Chapter 1; Flynn 1990).

In Neo-Taylorism the cause of bad management lies within the administration itself. Some authors contend that things go wrong because the cost of producing a public service is never known. Some advocates of 'managerialism' blame particularly the lack of personal responsibility among administrators, as well as career systems which lead the individual to play safe rather than show initiatives, thus treating the human element as crucial to explaining the failure of classical public administration. Others criticise the irrationality of gearing public organisations to self-maintenance and routine rather than to service of the community through innovation and adaptation, thus emphasising organisation as the chief defect of classical public administration. More complex versions of Neo-Taylorism encompass both kinds of criticism and underline in addition the conformism of politicians inclined to prefer the status quo.

Various techniques are said to be available to would-be reformers, designed to produce the following improvements:

1. increased control by means of economic and financial information, making it possible, though not easy, to provide a costing of everything produced in the public sector, just as is done automatically in the private sector;<sup>5</sup>
2. use of performance-evaluation techniques to measure actual achievements against proposed targets, including the assignment of personal responsibility for each step in the performance of the production process;
3. introduction of individual, rather than collective, incentives both to reward achievements and sanction under-performance or error.

In short, Neo-Taylorism advocates the use in the public sector of managerial methods and techniques, which have proved successful (though only in some situations, to some extent and under certain conditions) for controlling bureaucracy in private firms and organisations.

## Public entrepreneurship

David Osborne and Ted Gaebler recently introduced the concept of 'public entrepreneurship' in a book that has attracted world-wide attention (Osborne and Gaebler 1992). They develop an elaborate case for completely transforming bureaucratic government into entrepreneurial government, arguing not that government should be abolished, but that it should be 're-invented'. According to Osborne and Gaebler the classical model of public administration was adopted in the USA, as in Europe, to get rid of patronage machines, so that, as applied in the progressive era and New Deal, this model was applied by means of in-house programme implementation and service delivery by hierarchically organised administrative departments, run by professional managers according to organisational rules and financial controls. They claim, however, that in the contemporary era of global competition, instant communication, a knowledge-based economy and niche markets, a bureaucratic system based on the classical model leads to mediocrity, inflexibility and an obsession with control.

To replace the classical model of government, a new form of 'governance' is recommended for all levels of government. In fact, in the USA, a programme for the reform of the federal government was launched under the supervision of Vice-president Al Gore in 1993, inspired by the idea of entrepreneurial government, that is, a government that is adaptable, responsive, efficient and effective. Such a government must be able to produce high quality good and services, be responsive to customers, be led by persuasion and incentives, empower clients and, above all, be entrepreneurial.

Osborne and Gaebler formulated ten principles to guide such a fundamental transformation in the organisation of government.

1. Government should skilfully select alternatives to in-house delivery, such as contracting out, entering into public-private partnerships, and utilising such devices as vouchers, volunteers, seed money, and '*quid pro quos*'.
2. Professional administrators should not run all aspects of programmes but instead empower clients to participate in management by means of governing councils and management teams.
3. Competition should be injected into the governing process by such methods as bidding for tasks, internal rivalry among sub-units, and competition among services for clients.
4. Agencies should minimise the number of rules by which they operate. Line-item budgeting, year-end fund expiration, and

- detailed job classifications should all be eliminated. Once 'freed up', the various governmental organisations should dedicate themselves to a clear, 'one-niche' mission.
5. Review of agency-performance and fund-allocation should be based on policy outcomes rather than programme inputs.
  6. Clients must be regarded as customers. This calls for giving them choices, surveying their attitudes, making services convenient, training employees in customer contact, test marketing, and providing 800 numbers and suggestion forms.
  7. Governments should not just spend money, but earn it as well, for example, by using fees, shared savings, enterprise funds, entrepreneurial loan pools, and internally-competitive profit centres.
  8. Governments should not just deliver services to meet ends, but prevent needs from arising in the first place. Examples are fire prevention, preventive maintenance, re-cycling, anti-smoking campaigns, accrual accounting, and regional government.
  9. Centralised institutions should become decentralised, with hierarchical control giving way to devolved authority, teamwork, participatory management, labour-management co-operation, quality circles, and employee-development programs.
  10. Governments should not attempt to achieve ends only by command and control, but also by restructuring markets, for example, by means of subsidised health insurance, incentives for inner-city investment, and 'emissions trading'.

Although presented in somewhat exaggerated form, these 'ten principles for entrepreneurial government' show the way to a politically radical but technically feasible solution for the defects of antiquated classical systems of government.

Above all, the analysis made by Osborne and Gaebler, and the proposals they have formulated, offer a way out of the classical dilemma of choice between the government and the market (government being identified with the inefficient public bureaucracy and the market with the efficient private firm). This false dichotomy leads to the wrong conclusion that bureaucratic defects are present only in the public sector and can be remedied only by reducing government in favour of the market. Osborne and Gaebler advocate not a necessarily smaller government, but a better government. An entrepreneurial government is to be preferred over a bureaucratic government, because it is better designed to reduce the defects of bureaucracy.

## Assessing the Performance of NPM

There are a number of reasons why it is even difficult to know with any certainty whether NPM can be adequately assessed at all, let alone transposed to new circumstances. Indeed, paradoxical as it may seem for a programme-heralding performance, NPM is unable to provide adequate information on its own performance. It is very difficult to say whether public administration in OECD countries is in general more efficient than, say, twenty years ago. Although it may pretend to be more rational and less political, NPM is no exception to the rule that administrative reform is a political undertaking involving administrators, politicians, pressure groups and other more or less formalised segments of the society at large. For example, it might be managerially (that is, financially and economically) sound to pay pensions to old people once a month rather than twice a month, or to make universities autonomous in budgetary and legal terms, but it may be socially and politically too costly to do so in the short term because of political lobbying for the elderly, of student unrest or whatever, not to say in the longer term. NPM has no decent political analysis to offer for situations where there is not one but many possible rational strategies.

Indeed, the science of public policy recognises that projects and policies are often incoherent, fragmented and 'unassessable', on rational as well as political grounds (Allison 1971). There is more to this than merely 'political context'. The extent to which NPM itself is 'a well-developed and coherent strategy' is deceptive (Aucoin 1990: p. 119), since behind the glossy normative and programmatic discourse hide various conflicts: between centralisation and decentralisation, co-ordination and de-regulation, control and delegation, economy and effectiveness. Nor is NPM as new as it sometimes pretends to be. Those who have read F. W. Taylor's works or are familiar with Benthamist principles will not be very surprised by its catalogue of remedies. NPM is thus complex, incomplete and paradoxical, and also betrays intellectual incoherence (for a recent account of the British case, see Gray and Jenkins 1995).

Hood and Jackson (1991) recently reminded us that argumentation and tolerance are more important for administrative reform than design and performance, and have aptly used the terms 'philosophy', 'doctrine' and 'justification' to encapsulate phenomena like NPM in the study and practice of public administration.<sup>6</sup> One consequence of following this approach to understanding administrative reform, and modern managerialist reform in particular, is to gain a better perspective on 'real-life' administrative reform. This approach to NPM has several practical advantages, compared to the all too simple and deterministic design/performance approach.



First, to allow scope for contradiction and persuasion in administrative reform is to avoid falling into the trap of assuming there can be only 'one best way'. This kind of tolerance of divergence and argumentation is, after all, more in tune with democracy and pluralism, both of which require that administrative reform be part of political debate. Indeed, those who claim to be neutral in administrative reform are often the same ones who retain, consciously or unconsciously, hidden political agendas. The Hood and Jackson approach allows one to be more sensitive to political norms and values, and to political cultures and situations behind mere rhetoric (Schemeil 1985). It also makes it possible to reintroduce political/ideological pluralism in the analysis of administrative reform, though as Hood and Jackson hasten to add, 'fully-fledged philosophies of administration in this sense are few in number' (1991: p. 15). In other words, the more it is possible to provide for debate about administrative reform, the more likely it is that reform will be accepted. Certainly there is a greater likelihood of success than if the 'one best way' managerialist approach is adopted, with its tendency to prevent flexibility and adaptation and foster 'heroic illusions' about the capacity for change.

Secondly, NPM reform in western countries has tended to be empiricist. NPM reform in the west shows not only variations between countries (as the following chapters will show) but also conflict and contradiction within western countries. NPM is not a matter of simply fitting some administrative 'doctrines' into some settled, though not yet fully disclosed, institutional reality. The case of the United Kingdom since the early sixties, for instance, amply demonstrates how non-linear a NPM reform can be, depending on external constraints (like the sterling crisis), political priorities of changing governments, or conflicting strategies between groups of actors defending non-congruent NPM doctrines.

Thirdly the acceptance and the performance of a reform are always relative to a particular set of doctrines, depend on the clarity (or the lack of clarity) of the objectives which stem from those doctrines, and must be linked to a dynamic political analysis of the struggle between groups in competition for administrative and political power. This is especially important for reformers in central and eastern Europe who know very well that they have not only to assess an administrative context but also a political one. The administrative issue in these countries is not purely technical, as managerialists would imply; it is eminently political since the economic development and democratic evolution of whole countries are at stake.

Finally, we can be encouraged to ask why NPM was adopted in the first place (Hood 1990) and why NPM rather than any other type of reform and why in the 1970s and 1980s rather than before, or after. Hypotheses specific to a national experience are still too few and too 'parochial' since they lack

comparative relevance (Sartori 1991). For a tentative start we could suggest that NPM is one political response to the crisis of the welfare state, especially since NPM was in fact primarily born in developed but declining western welfare states. Before NPM can be properly assessed in this light, the concept of 'crisis' has itself to be explained in this context.

### **The crisis of the Welfare State**

The previous chapter of this volume has already referred to the ambiguity of 'crisis' as a way of describing social change in conditions of modernity. Our use of the term here, specifically in relation to the welfare state, broadly follows the analysis provided by David Coombes in that chapter. The crisis of the welfare state, to which NPM may be defined as a response, has three different aspects.

First, corresponding to Coombes' 'fiscal crisis', there is a shortage of money in the contemporary welfare state to finance public policies and actions, so that reform is proposed to encourage the state to spend money more sparingly and make necessary economies. This pressure for economy is not in fact only economic, but also has a social motivation: people should be allowed to keep enough private resources to be spent 'freely', and the more money you redistribute in times of austerity, the higher the danger of evasions by tax payers who are net contributors. It is also politically motivated: voters prefer a lenient state.

Secondly, therefore, the welfare state seems unable to manage its resources efficiently and to result in public profligacy. Budget forecasting is poor and forecasts are often exceeded even for more easily quantifiable measures like public works. Reformers should aim at a 'built-in' structure of efficiency which obliges the state to spend citizens' money more knowingly, which effectively means to reform the organisation of the state along business lines. This aspect of crisis includes the widely discussed phenomenon of 'overloaded government' (Rose 1990).

Crisis means finally that even when the State has enough money and spends it efficiently, it does not actually address the right issues. This aspect corresponds to the alleged crisis of legitimacy. For example, Heclo argues that the welfare state has responded to overload with bureaucratic over-regulation (Heclo 1982, p. 400). NPM, therefore, might be understood as a solution to what voters find an excessively interventionist and overbearing public authority.

What is generally significant for us is that, though NPM has been applied in one form or another for twenty years now, it has not made any tangible improvement with respect to the crisis of the welfare state as just defined. Public spending still increases in most countries, efficiency in public

administration is always as elusive, and public authorities seem no more capable of innovation when confronted with new social and economic problems than before (especially in the areas of health and environmental protection). The classical public administration survives even in countries like the UK where NPM has had an especially forceful impact (Gray and Jenkins 1995). NPM's answer to 'over-regulation' may indeed be simplistic: to cut 'red-tape' and introduce quasi-market mechanisms. Over-regulation is not simply a problem internal to the state bureaucracy, but an aspect of modern society (so that it re-appears, even after privatisation, in 're-regulation' and possibly in even more complex, incoherent and ultimately overbearing forms).

It can be said in defence of NPM against such criticisms that it has not had sufficient time to prove its value as a remedy to the overall crisis of the welfare state. Since 'models of administration' have a life cycle of 50 to 60 years from development to maturity and decline (Keraudren 1994), NPM is evidently not yet in its maturity phase as such a model. Moreover, NPM has not yet obtained enough political support to dominate administrative reform, or to tackle the third aspect of crisis (corresponding to the crisis of legitimacy). Indeed, NPM is commonly criticised for being geared more to dealing with the internal machinery of the administration than with the latter's relationship to its social and political environment.

In this third aspect of crisis, the welfare state needs more qualitative innovation in public management (Metcalf 1993) and, to borrow Hood's terminology (1983: p. 3), reformers should turn their attention to developing 'detectors' rather than 'effectors'. In other words, NPM has not yet made the qualitative leap to address the fundamental issues of regulation that affect the wider relationships between the administration and other actors in the political and social environment.

However, there remains the possibility that the welfare state should be considered to be in a crisis of a more profound nature, one that calls for quite radical solutions, if any solution is available at all. There are both pessimistic and optimistic views of the possible contribution of NPM to resolving such a predicament.

In the pessimistic view NPM would be seen as dealing strictly with economic efficiency, and supporting a view of the welfare state that favours tight economic control at the expense of social policy, whenever economic surpluses are unavailable or turn into deficits. However, according to this view, since NPM would be a solution to the problem of how to manage economic scarcity, there is likely to be a corresponding tardiness and even lack of political will to tackle the real, socially more fundamental, issues of efficiency. In fact, NPM advocates have been keener to develop 'effectors' rather than 'detectors' (Hood 1983). This has in turn helped to aggravate the

trend towards inequality of incomes and of resource distribution in many western countries, including even poorer living conditions for those already worse off and disadvantaged for reasons of class, and along with the appearance of the 'new poverty' and a widening gap between upper and lower classes. Politicians from all sides are inclined to favour NPM as a way of retaining the advantages of the welfare state for the middle and upper classes (and, one would be tempted to say, median voters), even at the price of restricting the individual liberty, social equality and economic security of others. For similar reasons NPM is accompanied by a strong anti-bureaucratic ideology, which politicians are willing to support, perhaps discreetly rather than openly, sacrificing the classical administration and backing initiatives like NPM rhetorically, but failing to re-examine the political roots of their policies.<sup>7</sup> The alleged neutrality of NPM, indeed, seems consistent with a general decline of political partisanship regarding the development of the welfare state (Wilensky 1975). Reform is inspired not so much by political ideology, therefore, as by a desire on the part of politicians to delay the decline of the welfare state by endorsing economy measures that, conveniently for themselves, have the most impact on the bureaucracy.

Nevertheless, this rather cynical explanation gives too much credit to the rationality of the politicians, elites or electoral entrepreneurs and seems unlikely to be generalised to many NPM experiences in western countries. In the alternative, optimistic view NPM is a 'rediscovery' of the genuine, 'underlying' Welfare State, defined by Heclo as 'an arrangement for living with mutually inconsistent priorities, a system of tolerated contradictions ..... an amalgam of extraordinarily diverse ideas and interests' (Heclo 1982, 392-393).<sup>8</sup> This view of NPM as reforming the welfare state so that it better combines equality, liberty and security and succeeds in applying necessary distributive and re-distributive policies (despite unfavourable economic contingencies) would accept the defence of NPM against its critics already mentioned above: that it has not had enough time to prove itself and that it has only so far affected the bureaucracy internally and not addressed the wider political crisis.

In seeking for a balanced view, between pessimism and optimism, however, we should ask whether patience is indeed enough, which aspects of the NPM reform package do actually support the optimistic view, and whether NPM can be expected to make its necessary qualitative leap in the near future. The issues of effectiveness and quality have been addressed only since the late 1980s. Even so, though NPM purports to awaken the consumer dormant in each citizen through its quality initiatives, it is quite exclusively geared to individual liberty (or the freedom to choose between services). It is overtly an individualistic philosophy, a fact which is far from

doing full justice to the many collective demands that persist in modern society. Once again, NPM has been short of innovative ideas for promoting social equality and economic security, when it has not been against these values altogether, as the United Kingdom case blatantly illustrates. Indeed, in the west most of the recent initiatives against social inequality and economic opportunism have been spasmodic and inspired by political expediency, as a reaction to social and political unrest. Consequently, if the 'underlying' values associated with the welfare state are at last being rediscovered, it is apparently not thanks to NPM.

The problem is that there seems to be no alternative administrative philosophy to compete with NPM as a way of reinstating underlying welfare state values or to contest effectively NPM's individualistic slant. Such alternatives may, therefore, have to be sought outside public administration. They might come from the traditional sphere of political representation, as for example one or more new political parties, or as the unformalised political demands that western citizens now increasingly express, contrary to the common assumption that the western public is endemically prone to political apathy (Inglehart, 1990). Moreover, as policy-making effectiveness declines at the level of the state, more attention might be directed towards policy regulation from below. In France, for example, problems of policy increasingly seem to be resolvable only 'locally', by actors who try to reach mutually acceptable views of problems, boundaries and possible solutions (Duran and Thoenig 1996; Donzelot and Estébe 1994). The role of the central state needs to be redefined in order to facilitate this local policy making. Problems and their solutions can no longer be treated *a priori* and from above by administrative or political personnel with cognitive maps and action frameworks not geared to the variety of situations found in different localities (that is, at the level where the problem and the actors immediately affected by it can be readily perceived).

If such an alternative view were to be accepted, then the roles of both the state and the administration would change radically, since the state would be increasingly responsible for 'constitutive policies' and less so for distributive, re-distributive and regulatory policies (according to Lowi's typology, Lowi 1964; Duran and Thoenig 1996). Then a whole new model of administration would be needed, one that comprehended administrative capacities to detect problems, arrange venues for policy-making debates between both public and private actors affected, set up flexible rules for the development of policy argumentation, and to assist or advise other actors as to appropriate tools of policy implementation.

## **The Practical Implications of NPM**

As a reform movement NPM has come up with a wealth of theories and information about public administration even though it may be even more prone to use worn-out clichés than most administrative philosophies. The continuing debate on public entrepreneurship highlights the vitality of NPM and its capacity to generate useful and fundamental revision of the missions and the identity of public administrators. It also shows how NPM has exposed the over-protected traditional public administration to models of management, which, if carefully adapted, can only improve the functioning of public administration. The focus of NPM on economy and efficiency has brought to light some information about bad management and waste of money and some definite remedies: value for money is a worthy lesson and it is no doubt now better taught and learned.

Beyond these aspects however, NPM has not lived up to its initial promise, which was basically to increase efficiency. The success of NPM lies in the widespread acceptance of its arguments, which have dominated the administrative agenda for reform for at least the past twenty years. On the other hand, whatever its particular design in each national experience of administrative reform, NPM's practical results are doubtful, even if its inner logic seems to be acceptable on grounds of rationality.

In our opinion it would not be good enough simply to conclude that an administrative philosophy or doctrine of this type exists only in order to persuade by convincing logic and rhetoric. We would contend that NPM cannot and should not be dissociated from practice, and should not be allowed to pass as a theoretical smoke-screen disguising practices that are essentially biased, for example, against a particular social class. The weakness of NPM is that it does not help to identify challenges such as the changing role of the state, the relationship between the state and the citizen, the existence of new social demands, the emergence of new social categories, or the need for new policies of regulation. For instance, NPM has something to say about the bureaucratic management of unemployment, but it has almost nothing new and relevant to offer for a wider understanding of the problem of unemployment itself.

This is why we think that NPM, despite its seductive rhetoric in favour of change, has had such scattered and disappointing results in terms of policy effectiveness. If NPM has not been able to make a qualitative leap to address wider fundamental problems of policy regulation even in western Europe, it is surely unlikely to offer much inspiration in central and eastern Europe, where the former communist apparatus has lost its monopoly on political and social regulation.

Some practical implications can, however, be derived from our critical assessment of New Public Management and its theoretical foundations. These will be elaborated in chapter 20 and only summarised here. Public choice theory emphasises the importance of the interface between bureaucracy and the political environment. The economic analysis of bureaucratic power leads to policy recommendations aimed at creating more political control. Neo-Taylorism focuses on the internal organisation of bureaucracy and analyses managerial aspects of political control. Both theories are combined in New Public Management (NPM). NPM is popular, especially in Britain. However, there is little evidence that the application of reform strategies based on NPM actually leads to the desired results. The success of NPM is more a matter of political ideology and belief than of empirical facts.

Nevertheless, this analysis does not provide sufficient grounds to reject the NPM package as a whole. If NPM has not been a panacea in the west, at the present historical stage it could well offer more immediate practical solutions where a previous administrative system, inherited from an authoritarian communist regime, seems to be increasingly at odds with its current environment. Indeed, all the more because New Public Management does not after all have the quality of a new global paradigm (Hood 1995), reformers in central and eastern Europe could discern, with the help of comparative analysis, those management tools and relevant applications that might be transposed or adapted to their own purposes. The six chapters in part 3 of this book, dealing with public management reform in selected countries in the west, might well help reformers in central and eastern Europe to test what they already know about NPM and gain a better understanding of how NPM reforms vary, with a view to making selective adaptations appropriate to the particular circumstances prevailing in their own countries.

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## Notes

1. This is not to say that all writers on public administration or public policy analysis are fully, or even at all, committed to this paradigm, see Lane 1993, White and Adams 1994, and see Parsons 1996 for a useful summary of the main definitions and issues.
2. For example, to decentralise, and to give more autonomy to, operations might run counter to a shift of emphasis from spending to cost-cutting, if budgetary control remains tightly centralised, as it usually does. Moreover, a general shift of emphasis from policy to

management is not exactly the same thing as a similar shift associated with privatisation or other ways of relating ownership more exclusively to management efficiency.

3. What follows is by no means an exhaustive account of the theoretical underpinnings of NPM or other economic theories of policy-making and public management. For a more comprehensive and sophisticated treatment see, for example, Dunleavy 1991.
4. Some public choice theorists, however (e.g., Van den Doel 1979), seriously doubt whether such devices of political control will work, and consequently they advocate control by 'quasi-market' and competitive devices (see also Chapter 20).
5. In order to do this, it might be necessary to change the 'production line' and create new organisational arrangements which ease production and open top-down and bottom-up information flows.
6. The definitions given by Hood and Jackson are: Doctrine: 'we use the term doctrine to denote specific ideas about what should be done in administration' (1991, p. 12). It concerns the 'what', 'how' and 'who' of administration; Justification: 'We use the term justification to denote the reasons which are given for following a particular doctrine, before or after the event' (ibid.); Philosophy: 'we use the term philosophy to denote a constellation of doctrines which is relatively coherent in terms of the justifications offered for them. [...] We stress 'relatively', in that most real-life administrative philosophies embody some contradictions' (ibid., pp. 14-15).
7. This is why, in the British case for instance, some authors have been keen to stress that, in the present context of 'decline', the main issue of administrative reform has not been effectiveness but improved political control on administration either through the creation of 'high output/low commitment public sector work force' (Hoggett 1996) or through a 'de politicised administration' (Keraudren, 1994).
8. To do fuller justice to Heclo's re-definition of the welfare: 'the rapid expansion of social policies during the post-war period was vastly facilitated by a degree of persisting economic growth that was as unexpected to the Welfare State's founders as to its critics. But this growth also undermined the conception of integrated economic and social policy [...] on which they had based their plans. Without any deliberate decision to do so, social policy came increasingly to be seen as a residual luxury supported by the nation's economic surplus. [...] Far from strengthening the Welfare State, the politically cheap expansion of programs actually tended to devalue the commitment to social policy. [...]. The Welfare State and its underlying values have never depended on uncontrollable public spending, big bureaucracy, or ever more unrealistic political bidding. [...]. My prediction is that the 1980s will produce lousy evidence of the contrary. These years will show the strength of the underlying Welfare state commitment - an affirmation of and a refusal to choose absolute priorities among the basic values of individual liberty, social equality, and economic security' (ibid., pp. 403-404).