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The Future of Governing

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Changing States, Governance, and the Public Service

Governance is a scarce commodity. Governments have created a vast array of institutions designed to exercise collective control and influence over the societies and economies for which they have been given responsibility. Those efforts at building institutions and “steering” capacity (Pierre and Peters 2000) have certainly provided comparative politics with an interesting array of data, but it is much less clear that they have moved governments any closer to solving the problems of regulating the behavior of people and organizations. If anything, these efforts at governance now may be less successful than were similar efforts in the past. Government also has lost some policy autonomy to external actors such as international organizations and amorphous international markets.¹ At the same time that external forces impinge on governing, there has been an apparent sharp increase in popular resistance to being governed (Norris 1998; Putnam and Pharr 2000). Moreover, large organizations in the private sector are proving themselves more capable of avoiding attempts by government to regulate their behavior.² Political leaders in the world today must ask whether what they do in their national capitals really does very much to shape the lives of their citizens.

Fortunately, governments, government leaders, and their civil servants continue attempting to find better ways of governing. I say fortunately not just because these efforts keep us students of the public sector in business but also because there is a great capacity to do good for citizens, individually and collectively, through effective public action. It is now fashionable to malign government, and the people working in it, and to point out gleefully all their failures, real and imagined. Such skepticism and cynicism about government is cheap; it requires much greater commitment and courage to continue attempting to solve problems that almost by definition exceed the capacity of any individual or private actor to solve. If the problems had been easy or profitable, they probably would have remained in the private sector, and government would never have been made

responsible for them. Despite the popular mythology to the contrary, it is rare that governments are imperialistic and go looking for new problems to solve; they are more likely to be handed the poisoned chalice of an insuperable problem.³

It remains crucial for governments, and the individuals who constitute them, to continue their search for innovative mechanisms for making government work better and to serve society better. This search will continue, even in the face of problems that are “ill structured” (Simon 1973), or “intractable” (Schön and Rein 1994), or “wicked” (Dunn 1988), and often in the service of a mass public that does not either recognize or appreciate the effort involved. That mass public is also ever more reluctant to provide increased funding for the public sector, and public managers often must do more with less. Contemporary public servants are neither martyrs nor saints; they are simply individuals charged with making collective decisions and enforcing previous decisions on behalf of the public interest.

The leaders of government are also charged with reforming and improving the internal performance of their organizations. Many of the efforts at reform that I will discuss have been internally generated, an indication that the public sector is not resisting change, as many of its critics assume, but in some cases is actually leading the charge for change (Tellier 1990; Peters and Savoie 1994; Derlien 1995; see chapter 7). Of course, there are at least as many reforms that have been imposed from the outside, some of which have indeed been resisted vigorously by the “entrenched” civil service. There is no monopoly on virtue or on vice in the world of administrative reform.

My purpose in this book is to examine the efforts that are being made to make government work better. Numerous efforts of this sort have been occurring all over the world for at least the last decade and a half. In most industrialized democracies these reforms have originated internally (see Pollitt and Bouckaert 2000), but in many of the less developed countries they have been imposed by external-aid agencies as conditions of receiving assistance (United Nations Development Programme 1988). Even countries that appear to be extremely successful from the outside, e.g., Japan, have engaged in large-scale administrative reforms (Krauss and Muramatsu 1995), in part as a means of keeping pace with other countries.

The discussion will focus largely on the Anglo-American democracies, in part because these have been the most active and innovative reformers. I will, however, also use examples from other countries when they can illuminate the analytic point being made. My purpose is not so much to describe the numerous efforts at administrative reform—that has been done extremely well in a number of other places (Savoie 1994; Zifcak 1994; *International Political Science Review* 1993). Rather, the intent is to examine the ideas that motivate reform and that provide a diagnosis of the problems in the public sector as well as the basis for prescriptions to remedy the problems. Given that purpose, and the ubiquity of reform, the focus on a smaller number of cases is not particularly damaging.

Among the industrialized democracies, the discussion will focus on the

Anglo-American democracies but will also give special attention to the problems of reform in developing and transitional countries (see chapter 8). Much of the administrative reform encountered in those systems is not the product of endogenous force but is the result of the concepts and programs of outside actors, especially international donors. This imposition of reforms, combined with the particular administrative and political problems of many of these countries, means that the managerial and political consequences of reform are rather different from those of the more industrialized and democratized countries.

Understanding administrative reform requires understanding the traditional model of governance that is the backdrop against which attempts at reform must be viewed. Rather than being a set of intellectual principles, this traditional model tended to evolve from practice and rarely has been articulated as a distinct model. Despite its lack of a single, coherent intellectual foundation, the traditional model was once thought to be the way in which the public sector should be organized, and indeed it worked rather well for decades.⁴ During the height of optimism about government's capacity to solve social problems, e.g., the 1950s through the early 1970s, this basic model appeared to require little fundamental debate. The task then was to refine the model, to make it more “rational” with techniques such as program-budgeting (Novick 1965) and cost-benefit analysis (Mishan 1988), and then merely to let the governing system continue to produce effective policies and socioeconomic improvements.

Certainly some conservative politicians and thinkers did raise questions about the virtues of those (by then) traditional governance ideas and especially on the increasing role of the public sector (Friedman 1962; Hayek 1968; Sawyer 1982). For most people in and out of government, however, the parameters of acceptable public action then were broad and well established. There was a pervasive belief that government could regulate the economy through taxing and spending and that it had sufficient economic resources to ameliorate social problems such as poverty, sickness, and poor education. The 1950s and 1960s were the period of the “mixed-economy welfare-state” and of “treble affluence” (Rose and Peters 1978) as well as of the promise of an ever brighter future through public action.

Those two decades were also the period of consensus politics (Kavanagh and Morris 1994) in most countries of Western Europe and North America, and both scholars and practical politicians proclaimed the “end of ideology” and the creation of a “post-industrial society” (Gustaffson 1979).⁵ Even a conservative such as Richard Nixon said, “We are all Keynesians now” and attempted to create new social programs (Spulbar 1989) rather than roll them back, as subsequent Republican presidents and Congresses attempted to do.⁶ Similarly, Christian Democrats in Germany preached the virtues of the “social market economy” as a desirable alternative to unbridled capitalism (Peacock and Willgerodt 1989). Clearly something has changed in the economy and in the popular mind since that time, and with that change has come a change in the definition of what constitutes good government and acceptable public administration. Before we look

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at what has changed, however, I will present a somewhat more complete idea of the traditional model and something of its strengths and weaknesses.

TRADITIONAL PUBLIC ADMINISTRATION: THE OLD-TIME RELIGION

Dwight Waldo (1968) once wrote that public administration has had so many identity crises that in comparison the life of the average adolescent appeared idyllic. Professor Waldo was discussing public administration as an academic discipline, but its contemporary practice displays much of the same uncertainty. Questions of practice that now appear extremely uncertain include such basic issues as the structure of government, management of those structures, and the proper role of public administration in governance (Harmon 1995). Many old certainties about government and the public service are now either totally altered or are subject to severe questioning.

The old model of public administration may not be singular (Richards 1992), but at least five old chestnuts have guided our thinking about the public service and its role in governance (Peters and Wright 1996). These five ideas clearly are simply no longer as canonical as they once were in the public sector.⁷ What is sometimes forgotten in the discussion of alternative approaches to public management is that these principles evolved over periods of time and generally represent responses to a number of problems that existed in public administration at earlier times. Indeed, there is a real chance that some of the problems for which the old chestnuts were designed may reappear once they are replaced with more "modern" conceptions about how to run government (for consequences of initial attempts at reform, see chapter 6).

Reforms solve problems existing at one time, often in the process creating a new set of problems that may generate subsequent reforms (Kaufman 1978; Aucoin 1990; Peters 1995). This admonition of caution about administrative reform does not mean that the old ways of running government were necessarily better. What the appeal to prudence does argue is that these approaches to public management did solve certain problems, albeit creating some additional problems of their own. Overturning those older modes of administering certainly has solved some problems but in the process perhaps revived older difficulties and perhaps even created new ones. If the potential costs of discarding the existing system of public administration are not recognized, then change may appear entirely too attractive.

An Apolitical Civil Service

The first of these five principles is the assumption of an apolitical civil service and associated with that the politics-administration dichotomy and the concept of "neutral competence" (Kaufman 1956) within the civil service. The basic idea is

that civil servants should not have known political allegiances of their own and that they should be able to serve any "master," meaning any government of the day. Civil servants may have views about particular policies and are almost expected to as members of an organization responsible for making and implementing policies (Aberbach, Putnam, and Rockman 1981). What they are not expected to have are partisan views that might lead them to be disloyal to a government of one party complexion or another.

The principle of an apolitical civil service has been largely an Anglo-Saxon preoccupation, when compared to administration in other industrialized democracies (Silberman 1993). However, even in countries with a more overtly politicized civil service, such as Germany and France (Derlien 1991; Bodiguel and Rouban 1991), the concept of competence comes at least as high as political allegiance when selecting civil servants. Similarly, the civil services of the Scandinavian countries tend to be less overtly politicized than that of Germany, but in these countries political allegiances are often known or assumed (Ståhlberg 1987). What is true in all these civil service systems is that objective qualifications are the first hurdle for recruitment, followed then by any political questions.

Although the concern with depoliticization of the civil service has been very much an Anglo-American concern, it is also a rather recent administrative value. In the United States, for example, the spoils system dominated recruitment until the mid-1880s, and even then the number of merit appointments under the Pendleton Act of 1883 was rather small (Skowronek 1982; Ingraham 1995a). By 1904 only half of total federal employment was under the merit system, and most of that was in lower-level clerical positions (Johnson and Libecap 1994, 30–33). In the United Kingdom the merit system was initiated only slightly earlier than in the United States, although it spread throughout the administrative system more quickly (Parris 1969). The historical record in other Anglo-American democracies is not significantly different, with patronage appointments either being replaced by merit gradually under British rule from the end of the nineteenth century, or with former colonies institutionalizing merit systems quickly after gaining independent status (Braibanti 1966; Koehn 1990).⁸

Associated with the concern for maintaining an apolitical personnel system was the argument that politics and administration were, and more important should be, separate enterprises. In the United States this position was stated first by Woodrow Wilson (1887) and restated more forcefully by Goodnow (1900). In the United Kingdom the argument was made about the same time, first implicitly in the Northcote-Trevelyan Report (1853) on the civil service and then later in the Haldane Report (Cmd. 9320, 1918) on the structure of government. In both countries the argument was that the job of the civil service was to implement the decisions made by its political masters and to do so without questioning the sagacity of those decisions.⁹ Other Anglo-American political systems have had similar apolitical civil services and are now encountering some of the same problems of increased politicization (Gregory 2001).

Despite the ideological advocacy of an apolitical civil service, it is increasingly clear that civil servants do have significant, if not necessarily dominant, policy roles in most contemporary governments (Peters 1992; Kato 1994; Peters and Pierre 2001). It is also clear to most analysts that governance is better, on average, because they do (Terry 1995). The policy role of civil servants is most obvious at the implementation stage, where the role of implementors in determining real policies occurred as early as the 1930s (Gulick 1933; Almond and Lasswell 1934). In addition to the policy that emerges from "street-level bureaucrats" dealing with individual cases (Lipsky 1980; Adler and Asquith 1981; Vinzant and Crothers 1998), the public bureaucracy has a more systematic role in making public policy through implementation. Yet the recognition of both the empirical reality of the role of the bureaucracy in governance and that some benefits arise from that involvement has not prevented the continuing ideological advocacy of separating politics and administration.

The manifest policymaking role of the public bureaucracy arises most clearly in the promulgation of "secondary legislation," or "regulations" in the language of American government (Baldwin 1995; Page 2001). Very few legislatures in the world are capable of writing laws that specify the necessary details for complex policy areas and thus depend on their bureaucracies to fill in that legal and technical content. For example, in the United States, although Congress passes only a few hundred bills annually, something approaching five thousand final rules are passed each year.¹⁰ This accumulation over the years has produced, for example, over ten thousand pages of rules in the *Code of Federal Regulations* just for agriculture policy (Kerwin 1994, 18–19). In other industrialized democracies the volume of secondary legislation is no less; even in the European Union there are at least ten times as many secondary rules written as there are pieces of primary legislation adopted (Blumann and Soligne 1989).

The civil service also has a significant, if now threatened, role as policy adviser at the formulation stage. Though ministers may be elected to make policy decisions, they often lack the capacity to do so effectively (Blondel 1988). Even in countries where civil servants are generalists by education and career patterns, through experience they can gain greater command of the details of policy than can ministers who are only in office for a short time (Peters 1992). Although in policy formulation and advice the role for the civil service is important in the developed countries, it is perhaps even more crucial for developing and transitional governments, where the need for expertise and the demands for a "committed bureaucracy" are that much greater (Peters 1995a; Goetz 1999).

The institutional design problem then becomes how to structure government in ways that recognize the reality, and even the desirability, of the significant policy role for civil servants while simultaneously preserving the requirements of democratic accountability. This is a difficult balance for designers of government institutions to achieve, especially given the historical legacy of thinking about the neutrality of the civil service and the current reality of public demands for en-

hanced accountability (Day and Klein 1987; Cooper 1995; Aucoin and Heintzman 2000). Furthermore, political leaders have become ever more aware of the policy role of civil servants and in response often have attempted to minimize it (Campbell 1993; Peters and Pierre 2000). Reducing the role of the civil service has been done in part for ideological reasons (they were perceived as too far right or left of their masters) or simply for reasons of preserving institutional differences.

The struggle over competence and authority to make public policy therefore is now more obvious to individuals working within government, as well as to citizens, than in the past. The politicization of the functions of the civil service, if not its members themselves, may make the delicate balance of policy competencies between the permanent civil service and its political masters even more difficult to maintain. Long years of one-party domination, e.g., the Thatcher and Major years in the United Kingdom, mean that civil servants often become identified with the policies of a particular party, rightly or wrongly. Further, the prevailing assumption, if not always the reality, is that civil servants must accept the party line of the incumbent government or face termination or at least face being excluded from important decisions.

Hierarchy and Rules

The second significant change in government relevant to this discussion is the decline in assumptions of hierarchical and rule-bound management within the public service as well as the authority of civil servants to implement and enforce regulations outside it. The neat Weberian model of management (Wright and Peters 1995) does not apply within public organizations as it once did, and in its place we encounter a variety of alternative sources of organizational power and authority. As one example, the market is an increasingly significant standard against which to compare the structure and performance of government organizations (Lan and Rosenbloom 1992; Hood 1990; Boston 1991). Moreover, within organizations market mechanisms for managing personnel have replaced, or at least supplement, traditional hierarchy. Though it can be argued that the inherent differences between the public and private sectors are crucial to understanding governance (Savoie 1995a; Self 1993; Perry and Rainey 1988), even governments on the political left have implemented market-based reforms.¹¹

For transitional and developing regimes, the demands for greater economic efficiency in the public sector must be balanced against the needs to create some of the predictability, universality, and probity associated with Weberian bureaucracy. The changes being introduced in industrialized countries assume that the employees implementing market-based reforms will have at least some of the public values that have informed the civil service. Without those values, market-oriented reforms run the risk of justifying corruption and becoming a publicly sponsored version of the excesses of capitalism. Those excesses to some extent have occurred already in the former Soviet Union and may well emerge in other

transitional regimes. These aberration, unfortunately, have not been entirely absent from the industrialized democracies where market-oriented reforms have been implemented.¹²

There are other challenges to hierarchy in addition to those coming from the market. Another alternative to the market model, as well as to traditional models of bureaucracy, is the “dialectical” or participatory organization. This model has been discussed by scholars and reformers for a number of years, but government organizations are now being placed under increasing real pressure to accommodate the interests of lower-level employees, as well as those of their clients, into their decision-making processes (Barzelay 1992). This change in management is at once a manipulative mechanism for increasing efficiency and a genuine moral commitment to participation (Thomas 1993). Whether the participation is authentic or not, it is difficult for an organization to deny involvement and access to its employees and even to its clients.

Contemporary public organizations also must negotiate societal compliance with their decisions and negotiate compliance with contracts for service delivery, instead of implementing public programs directly through law and other authoritative means. The spread of network conceptualizations in the social sciences has been paralleled by a proliferation of network practices in governance (Scharpf 1991; Kenis and Schneider 1991). No longer can governments impose their wills through legal instruments and, if necessary, coercion; they must now work to achieve something approaching consensus among a large group of self-interested parties who have some influence over the policy. Governing in most industrialized democracies has become a process of bargaining and mediating rather than of applying rules (Kooiman 1993).

Further, civil servants increasingly are expected to make their own decisions about what constitutes the public interest, and they at times are compelled to make determinations diametrically opposed to the stated policies and desires of their nominal political masters.¹³ If civil servants and other appointed officials are indeed to become entrepreneurial, then they must become less dominated by the dictates of their “masters.” If practiced, this would alter fundamentally ideas of accountability and ideas of management in the public sector, especially in the Westminster democracies (Wilson 1994c). All of these changes make the role of civil service managers even more difficult than it had been and also make the role of civil servants within governments even more ambiguous. Further, the general absence of a formalized normative structure in government may make preserving accountability more difficult (*Public Money and Management*, 1995).

For developing and transitional regimes these changes are even more problematic than for the industrialized countries. Bureaucracies in European and North American countries are searching for ways to become more entrepreneurial and less constrained by red tape, but governments in many developing and transitional regimes confront different challenges. The problem of many governments in these countries is first to create the Weberian and rule-directed bureau-

cracies that are now being supplanted in the industrialized regimes. Going back to the earlier characterization of bureaucracies in transitional regimes by Fred Riggs (1964) as “prismatic,” one of the challenges of public management in contexts of low universality of rules is to ensure equality and uniformity of the rules.

Permanence and Stability

The third change in the assumptions about governance and the public bureaucracy concerns the permanence and stability of the organizations within government (Kaufman 1976). Further, employment as a public servant is usually conceptualized as being a lifetime commitment, a “social contract,” with civil servants trading a certain amount of income for secure employment (Hood and Peters 1994). Joining a public organization is sometimes conceptualized as joining a Japanese corporation once was—lifetime employment. The permanence of public organizations is frequently overestimated (Peters and Hogwood 1988), but it has been an important partial truth about government. Increasingly, this pattern of permanent organization is being attacked. The growing recognition of the dysfunctions of permanence, as well as the recognition that many significant social and economic problems currently exist within the interstices of existing public organizations, has led to some discussion of alternative forms of government organization.

The character of the alternative organizational structures remains somewhat inchoate at present, but the discussion has begun. In particular, ideas about task forces, “czars,” interdepartmental committees, and similar structures have generated options for thinking about more flexible governance.¹⁴ Another possibility that has been advanced is the “virtual organization” as a means of linking a range of individuals, and with them institutional interests, employed across a range of government organizations. Given the spread of information technology, the necessity of having people sit in the same place in order to have many characteristics of an organization has diminished. Therefore, forming alternatives to traditional organizations has become practical.

For individual public employees, the possibilities would also be diverse, with contracting and consultancy arrangements, temporary employment at peak times (tax and recreational employees, for example), and an increasing number of positions that are clearly not intended to be tenurable. Even in the senior civil service the idea of a distinctive career structure is being questioned and abandoned. This is true even in countries such as the United Kingdom, where the civil service has been very much a group apart from other employment streams. The Treasury—long the homeland of the mandarin—has embarked on a process of reducing its own staff and of thinking about how best to involve outside talent in its own work (HMSO 1993; HMSO 1994a).

The traditional sense of permanence in public organizations is being questioned from several perspectives. One is simply as a means of “deprivileging” the

civil service at a time in which almost all organizations and employees are being confronted with downsizing and other threats to their existence. Another view is that permanence and stability tend to ossify policy lines and to make coordination of policies even more difficult. If temporary organizational structures are more common, this could have two benefits. First, it would enable more organizational experimentation in solving problems (Campbell 1982) without the fear that a future dinosaur was being created (Kaufman 1976). Further, it could permit the creation of organizations with primarily coordinative tasks that could address a particular problem of interaction among programs and organizations and then disappear. The conventional wisdom would argue that government organizations would not disappear, but neither has there been much real attempt to create such organizations explicitly.¹⁵

Governments of developing countries seem even more impacted by the permanence of public organizations and employment. Government is a major employer in all these countries, often serving as employer of last (or first) resort to maintain full employment. These governments absorbed in particular large percentages of the relatively small professional and educated segments of the society. It is difficult for any government to dismiss existing workers, but they also may perceive the need to hire additional, politically loyal, personnel. One instance in which it may make sense to dismiss existing employees on political grounds is when those employees have been compromised by their participation in a regime with serious human rights abuses (Peters 1995), but even then a government may wonder where the adequately trained replacements will come from. In any case, the tendency for public employment to be conceptualized as permanent presents real problems for these governments.

An Institutionalized Civil Service

The fourth fundamental assumption undergirding traditional public administration is that there should be an institutionalized civil service that is governed as a corporate body. This concept is a somewhat recent development in some industrialized democracies, with patronage or personal service to the crown or both being the older model for managing the state. For the intellectual father of contemporary bureaucracies, Max Weber (1958; see also Mommsen 1989), the development of authority and bureaucracy—beginning with charismatic and traditional authority using patrimonial organizations and ending with rational-legal authority employing bureaucratic organizations—represented the development of the modern state (especially in Germany). Although some analysts consider it central to political modernity, the concept of a distinctive and professional civil service has also been brought into question in a number of countries seeking to establish a more committed and activist civil service.

In addition to the impermanent government organizations being created, the personnel commitments of government have become less permanent. Govern-

ment organizations increasingly expand and contract to meet variable demands for work, e.g., in tax offices or recreation programs. Though this style of personnel management may save governments money, it produces several empirical and normative questions for public managers and policy makers. Temporary employment for a significant portion of the public labor force may produce even more difficulties for citizens than the presumed indifference of permanent employees. Citizens will have to cope with public employees who may lack the commitment to service and other public values that, in most instances, characterized the career civil service. At a more practical level, temporary employees may lack the training and information necessary to do their jobs properly.

Even if the civil service system itself has not been challenged, the manner in which it traditionally has been managed is being questioned. For example, one of the common principles of personnel management in the public sector has been a uniform set of grades for personnel across the civil service, based on their qualifications, the difficulty of the tasks with which they are charged, or both, with relatively equal pay within each grade. Further, advancement was to be based on merit, demonstrated either by performance on the job or by a series of examinations. It is now less clear that merit is to be measured within the context of the public service and the public sector, again with forces and priorities of the market being used to “test” the worth of individuals as well as policies.

Internal Regulation

Yet another chestnut is that the civil service should be acquiescent and respond almost without question to policy directives issued by its nominal political masters. This demand goes beyond mere political neutrality. Many of the problems associated with government, and especially with public bureaucracy, are a function of controls imposed by political leaders seeking greater control and accountability (Kaufman 1977; Walters 1992b). Government organizations are generally among the most stringently regulated organizations in any society (Wilson 1989), especially in Anglo-American democracies. Therefore, if the skills and entrepreneurship of public employees could be engaged more freely, then government is likely to be able to perform more efficiently and effectively (Osborne and Gaebler 1992).

Still, it is less clear that deregulation is the most appropriate response to the needs of developing and transitional regimes. Certainly many of these governments have been characterized by extremely high levels of internal regulation (Beyme 1993) that have stifled creativity and produced problems in dealing with citizens. Further, in many instances, international organizations and private-sector leaders are pressing for loosening restraints on government action. Yet deregulation may not be the most appropriate response for the governments of transitional countries. The need in these regimes generally is for greater predictability and accountability rather than for the greater entrepreneurship demanded in more developed regimes.

Equality

The final characteristic of the traditional model of governance and public administration is that there should be as much equality of outcomes as possible. The traditional system of personnel management stressed equal pay and conditions of employment for similarly qualified employees across the civil service. Further, there are also strong norms in the traditional bureaucratic model that the decisions made by the public service with respect to their clients should also be as similar as possible throughout the organizations. In a traditional conception, clients with the same objective characteristics should receive exactly the same benefits, no matter where or from whom they receive them. In this Weberian conception of bureaucracy the civil servant applies the rules *sine irae et studio* (without anger or bias) to produce equitable outcomes for all clients (Thompson 1975).

Like almost everything else in the old system, this conception of equality is also being questioned through several related types of reform. First, market-oriented reforms have tended to decentralize and disaggregate government departments and to provide an enhanced amount of autonomy to managers. The assumption is that they will still be obliged to follow the laws of the programs they administer, but there does appear to be much greater room for discretion. That discretion is especially important if it is seen as possibly saving money for government. In this view the creation of differential levels and patterns of service generates a quasi market of sorts so that citizens can exercise some choice over what they will receive (and perhaps what they will pay for) from government.¹⁶

The attacks on equality of services also arise from an entirely different quarter: the participatory ethic in relationship to public services and public employment. The concept here is to “empower” lower-echelon workers in organizations and enable them to make more autonomous decisions about services. The argument is that the rigidity of bureaucratic structures designed to ensure greater equality of services for clients restricts the freedom of employees both to “self-actualize” on the job and also prevents them from making more creative and humane decisions about their clients. If these shackles are removed, then public employees will be happier and will also deliver better services to their clients. Particularly for social services, programs that were intended to be humane and helpful have become bureaucratized (in the pejorative sense of that term) and frequently harm (if only in subtle ways) in addition to helping their clients (Smart 1991). Further, some of the models of administrative reform argue for the empowerment of clients to make more of their own decisions, an approach that may be diametrically opposed to the empowerment of the workers administering benefits for those clients (see chapter 3).

In addition to raising questions about how happy both public employees and their clients are, the issue of equality points to important issues of accountability and the law. Do clients want the outcomes of their demands for service to be contingent on getting the “right” worker? Do other taxpayers want public employees

to have so much latitude in delivering the services that are paid for with tax money? Is it legal (or ethical) for people with the same characteristics and the same rights to be treated differently by government, or are these other public values equally or more important than the values of empowerment? Unfortunately, these issues do not appear to be addressed adequately in the contemporary debates about change in the public sector.

Summary

Rather than looking back to vestiges of past thinking about governance, in this book I will be prospective and examine several alternative paths for the development of the public service. I will examine and develop several alternative models of the state that are emerging in practice and then look at their implications for the civil service. Except for the market model these alternatives have not been articulated in a comprehensive form; they have appeared more clearly in government documents than in the academic literature. I therefore will have to extract them almost as ideal types from academic and practical discussions of governing.

Further, there is some similarity of analyses and prescriptions across the alternatives, although the meanings attached to the prescriptions may be quite different in each model. Most reforms have the effect, however, of “hollowing” out the state and making it, and particularly the career public service, a less significant actor in society (Rhodes 1994; Milward forthcoming). Interestingly, however, one of the approaches to changing government may have the (probably unintended) consequence of enhancing both its powers and the powers of the civil service within it. Although focusing on alternatives, I argue that one possible model is a vigorous restatement of the status quo ante. For many civil servants, and for some politicians, the “oldtime religion” may still be the best way to run a government, even if they must face massive skepticism from the public.

WHAT HAPPENED?

This traditional system of administration persisted for decades and was, on the whole, extremely successful. It fought several world wars, produced and administered a massive expansion of social programs, instituted large-scale economic management for the public sector, and did a host of other remarkable things. This system, however, has now gone from “hubris to helplessness” (Downs and Larkey 1986). What happened to cause such a large-scale rethinking of governance as has been occurring during the 1980s and 1990s? There is no single answer, but there has been a confluence of events that has caused a fundamental rethinking of governance and some attempt to move administration far away from its roots. Although this can be seen most dramatically in the Anglo-American democracies,

the changes extend into virtually all industrialized democracies, including some such as Japan that are usually thought to be highly successful (Krauss and Muramatsu 1995).

One (too) facile reply to all these changes is that there were such significant shifts in the economy that governments were forced to respond. Presumably, this meant that as economic growth slowed, became less certain, or both, government could no longer realistically count on the fiscal dividend of growth to fund increasing costs. Certainly any significant new programs were unlikely to be adopted. Further, if the costs of delivering existing service commitments could be reduced by making administration more efficient, then by all means that should be done. The desire to be economically competitive in an emerging global economy (Savoie 1995), it has been argued, began to outstrip most other concerns on the agenda of government so that any reductions in tax costs, regulation, and perceived public-sector inefficiencies were welcomed.

This economic explanation for the advance of the governmental and administrative reforms is a bit too facile. Certainly there were economic problems, but in the recent past these might have been addressed by *expanding* the role of the public sector rather than by reducing it. Clearly Richard Nixon's confession of his Keynesianism would appear to argue that. Further, the economic problems were not as great as at some other times during the postwar period that produced much less overt response from reformers, especially those within the public sector itself. There is a need to specify other influences that may help explain why these questions about the performance of the economy produced such massive responses.

One of the possible contributory factors is demographic change. The populations of almost all industrialized democracies are rapidly becoming older. This means that the level of entitlement expenditure for programs such as old age pensions, medical care, and the like is doubtlessly going to expand and will have to be paid for by a declining number of working-age people. Reviews of these commitments, such as the that of Kerry/Danforth Commission in the United States (Bipartisan Commission 1994), have pointed to the rapid escalation of entitlement expenditures that will occur over the next several decades under existing law. Reforming public-sector management is unlikely to be able to do anything about these problems per se, but it may be able to reduce at least some of the total costs of government and create some greater capacity for future spending on entitlements. Further, making government appear better managed may be important symbolically if it needs to go to the people for additional taxes.

The concern about entitlement spending belongs largely to the political elite; relatively few people in the mass public are aware of entitlement obligations, other than their own future benefits. The concern over governance, however, has not been just an elite phenomenon and indeed has become a force approaching a populist uprising in some countries.¹⁷ That populist reaction against government has a number of dimensions. On the political right there has been a reaction

against taxation, public spending, and the degree of regulation being imposed on business. Even many working- and lower-middle-class citizens who may be net beneficiaries of the public sector now oppose government spending, and especially taxation (Petersen 1992; Sears and Citrin 1985). This reaction to the public sector has been the more common one, with demands that government simply shrink. The dominant assumption is that government cannot do anything well so should do as little as possible.

There has also been a populism of the left, although it has been less visible and less successful than that coming from the political right. This alternative version of populism has attacked the large, bureaucratic structures that have been developed to deliver a range of social and economic services. These bureaucracies are claimed to be insensitive, inefficient, and often hostile to the very clients they were intended to serve (Smart 1991). Further, it is argued that government as a whole has become increasingly divorced from the people it serves and is dominated by the affluent, the educated, and the powerful. In the extreme version of the argument, government is conceptualized as "regulating the poor" rather than actually serving them through social programs (Piven and Cloward 1993; Squires 1990). Part of the lack of success of this version of populism is that it attempts to strengthen the positions of the poor and other groups with relatively little political clout.

The cultural change manifested in populism has not been felt uniformly throughout the Western world. Even some of the more successful welfare states in the past, e.g., Sweden and Denmark, have undertaken administrative reforms that are derivative from the market model (Andersen 1994; Lundell 1994). Other countries such as Norway, however, have attempted to maintain the old values and even to increase the democratic and collective elements of policy and administration. Although the wealth of Norway helps to explain some of the persistence of these values, the collective values being implemented also reflect the importance of those older values and of mass political participation within the culture.

Indeed, the economies and societies that governments are meant to control and regulate have become less governable (Mayntz 1993; Kooiman 1993). This decline in the capacity of government to regulate society effectively results from several interrelated causes (Cohen and Rogers 1994). First, there is increasing social and political heterogeneity among populations. The role of the welfare state in rectifying market-based inequalities has been reduced, and income inequalities have been increasing in most industrialized societies. Further, the ethnic and racial heterogeneity of these societies has also been increasing through immigration, with a related increase in social tensions.

The second cause for increasing difficulties in governance appears to be that the issues confronting contemporary governments have shifted from being bargainable to being less bargainable. Certainly economic issues are important in the political debates in all societies and indeed have been returning to a more

central position in many. The general problems of sustainable economic growth, distribution, and employment are more important in the 1990s than they appear to have been at any time since the end of World War II. That having been said, however, these economic issues are supplemented by a set of issues such as race, gender, participation, and equality, problems that are more difficult to solve through the mechanisms of conflict resolution created in postwar politics. The “post-materialist values” (Inglehart 1990) that undergird these conflicts tend to be more absolute rather than marginal, so that divisible goods such as money are often inadequate to the task of addressing them.

A closely related third point is the decline of stable organizations as the focus for government interventions as well as for the source of inputs into governing. One of the most effective means of addressing economic policy issues during the postwar years was “corporatism,” existing in its various guises throughout Europe and to some extent in North America (Schmitter 1989; Pross 1992). Even when government was attempting to cope with numerous economic demands and economic policy, a constellation of stable and reasonably well-structured interest groups existed with which government could bargain. Yet even in the most successful of these regimes, there has been some decline in the proportion of the workforce represented by unions,¹⁸ and in the commitment of members to their unions, so that the bargaining partners of government are now less reliable. Further, corporatist structures began to erode when, in the 1970s and 1980s, they were no longer able to distribute economic growth and new benefits but began to have to think about distributing cuts in programs.

As soon as the public sector begins to have to make policy about these post-materialist issues, the constellation of interest groups becomes less stable and less able to deliver its members’ consent to any deal. Members of “attitude groups” do not need to retain their affiliation, as do members of unions or employers organizations, so if they disagree with the policies approved by their leadership there is little or no cost to their leaving and forming other organizations. Thus, the possibilities of making binding deals are much less than in traditional economic policy negotiations, and governments may have a harder time framing the issues adequately, much less implementing effective policies.

VISIONS OF THE STATE AND GOVERNANCE

Few governments have remained untouched by the wave of reform that has swept through the public sector over the past several decades. The magnitude of reform undertaken in most political systems may have been unprecedented, at least during peacetime, but reform also may have tended to be extremely piecemeal and unsystematic (Peters and Savoie 1994). The absence of clear visions and integrated strategies may partly explain why the results of the reforms have tended to disappoint so many of their advocates (Caiden 1990; Ingraham 1995b). Appar-

ently, what often has happened is that governments have selected “off the shelf” reforms derived from one set of assumptions (implicit or explicit) at the same time that they selected others based on quite different, or even directly contradictory, premises. The political and administrative leaders made these selections, expecting all the changes to work well together. It is therefore little wonder perhaps that in practice the sets of reforms have not worked together in a large number of instances and that also at times the interactions have proven to be negative.

What I will do in this book, therefore, is to explicate several more integrated visions of possible futures for the state and its bureaucracy. The nature of each vision will in turn influence the manner in which governance, considered more broadly, would be practiced if such an administrative regime were to be implemented in toto. These reform agendas must not be considered in isolation from other political and cultural movements in society. For example, the emphasis on market models of reforming government represents but one strand of thinking about the need to inculcate market ideas into a whole range of social institutions, such as universities. Likewise, the drive for making administration more participatory is but a part of a general ethos (largely contradictory to the market model) stressing greater opportunities for participation in these same institutions.

If the implications of these alternative visions are more fully explored and understood, and contrasted with the traditional conceptualizations of governance, then there is some possibility of producing more effective planned change in government. There is certainly no guarantee of success even with more coherent programs, and the possibility that even the best-planned administrative changes will be diverted and subverted is inevitably present (March and Olsen 1983).

The practical significance of this exercise, however, will be secondary. My purpose is primarily to enhance the understanding of what has been happening with governance and to clarify the future implications of the alternative conceptions. Gaining a clear insight into contemporary reforms is not easy. Speaking of the changes occurring in British government, Sue Richards (1992, 15) argues that it is a confusing picture of changing patterns of behavior, of informal and emergent rules, and of shifting power plays. We need greater clarity so that public managers and other practitioners of public service may be assisted in their understanding and so that a wider public may have better access to these changes.

It appears almost certain that the status quo ante is no longer a preferred option in the public sector, in Britain or anywhere, so we must understand what patterns are emerging. Academic and practitioner analysts must explore the assumptions of those models, along with the particular proposals derived from those assumptions. Without that analysis and interpretation, it will be difficult to comprehend the emerging form of the state in society—both industrialized and transitional—and to think about the fundamental problems of governing in the next century.

My concern in this book with alternative visions should not be read to mean that any of these schemes is superior to the traditional model of the civil service

in governance. I tend to think that is not the case, although certainly the traditional model is far from perfect and could be made to function better. I also tend to believe that continuing reform in government is probable or even inevitable under the current political climate, and if that reform is to occur it is more likely to be effective if the changes are systematic and integrated. Readers should also remain cognizant of the internal contradictions inherent within some of these approaches to governance. It may be that like Simon's now classic discussion (1947) of the "proverbs of administration" there are also "proverbs of reform" that are equally contradictory (Kaufman 1978; Peters 1995). Thinking about the complexities of the public service, even when guided by a relatively strong set of theoretical assumptions, tends toward constructing situational rather than systematic remedies. This emphasis on situational rather than systematic analysis can be seen most clearly with cycles of reform, with centralization efforts following decentralization, followed by yet another round of decentralization.

That having been said, however, we do need to think about the context within which any particular vision of governance is to be implemented. For transitional regimes in Central and Eastern Europe it may be that a Weberian system of highly constrained administration is perhaps the most suitable tool for restoring some legitimacy to government (Hesse 1993; Derlien and Szabowski 1993). The values inherent in that system may need to be institutionalized first, then to be followed by the more marketized systems of administration later. The politicization and extreme arbitrariness of the old system may have to be purged from people's minds before a more decentralized administrative system can be legitimate.

Nevertheless, some Third World regimes that have been dominated by a bureaucracy (perhaps in the pejorative sense of the word) may find the alternative models to be discussed just as applicable and desirable as do the industrialized countries (Grindle and Thomas 1991). One difficulty in the reform process has been that advocates have assumed that one size fits all and that any government could be improved by the institutionalization of their preferred new pattern of government. Indeed, some of the problems with reforms, such as "reinvention" (Osborne and Gaebler 1992) in the United States, arise from their being based on assumptions about government derived from the experiences of small local governments that may not be appropriate for central governments.

As I develop these four alternatives to the traditional system of governance, the implications and prescriptions of each "vision" for several aspects of governing will be examined. The first and most basic is the *diagnosis* of the problem. Reform efforts imply a desire to change something, and each of the four alternatives contains a fairly clear idea about what is producing problems in the public sector. Thus, the models attempt to take the (often) vague sense of uneasiness and malaise that citizens feel about their governments and translate it into a specific cause-and-effect relationship. As with any attempt to impose such a construction on complex social and political institutions, this exercise often produces some oversimplification. The identification of a cause, however, also produces

the clarity that may be needed to engage in the complex and difficult battles to reform government.

The other four dimensions of analysis are more specific conceptualizations of problems and particularly of alternatives to the status quo. The second dimension is *structure*: how should the public sector be organized? Governments have tended to be organized in a hierarchical manner, the principal format being large departments headed by a cabinet minister. This pattern remains the default option in most governments, but there is also a variety of alternative structures being introduced, more or less successfully, in almost all political systems. Thus, the structure of government is no longer the given that it once was, and there is a need for scholars and practitioners to think about the options available to them and the relationships of structural decisions to the several emerging models of governance. Though some students of organizations tend to see structure as a relatively insignificant aspect of making an organization effective, I will argue that it needs to be coordinated with other aspects of governance if the public sector is to be effective.

The third dimension of the models is *management*: how should the members of the public sector be recruited, motivated, and managed, and how should the financial resources of the public sector be controlled? There has been a clearly articulated model for personnel management that has dominated thinking in the public sector. Although the thinking about structure has tended to question the conventional wisdom while largely retaining it, in personnel management the dominant pattern has been to eliminate the old ways of doing things. These changes tend to replicate personnel management in the private sector and also tend to weaken the long-term commitment of government to its employees. Working for the public sector is less different from working for the private sector now than it has been in the past, and we should consider the implications of those changes.

Similarly, there has been a dominant managerial ethos about the control of resources through budgeting and purchasing rules. These rules have tended toward the ex ante control of decisions by powerful central agencies. In this view management was largely a central function, with other actors following the direction of the central masters. There might have been some latitude for personal decisions for organizational heads, but the principal managerial tasks were conforming to rules rather than exercising discretion. As I will point out, the emerging models of governing tend to shift thinking about management toward greater autonomy and discretion for lower-echelon officials.

Fourth, there is always some conception of the policy and the *policy process*: what should the role of the career public service be in the policy process, and more generally how should government seek to influence the private sector? These questions involve a variety of difficult issues about the procedures through which government should make its decisions as well as the content of those decisions. Too often, those two issues are conflated, with the

assumption that certain actors (civil servants) will produce certain types of policies (interventionist). Therefore, more market-based instruments (vouchers, for example) that keep the bureaucrats out are preferable. Further, we need to examine the impacts of internal rules and regulations, e.g., civil service laws, in the policy process as the means that legislatures and judiciaries use to ensure that policies are made appropriately, if not always quickly.

Finally, these four emerging visions of governance each contains some conception of the *public interest* and an overall conceptualization of what constitutes "good government." These conceptions are often implicit in the models, but they are certainly apparent after a little reflection. They all have answers for the question, "How should government govern, and what should it do?" This view of the public interest is perhaps the most important component of the entire exercise, given that the fundamental question that anyone in government should be asking is whether the programs of reform adopted and the outcomes of the policy process are likely to benefit the public more than the system that is being abolished. As I will point out, all the reformers do believe that their changes will be for the best, although they often operate with very different conceptions of the public interest.

By way of preview, readers should examine these four models and the four dimensions of evaluation (see Table 1.1). Looking carefully at these dimensions of change will enable us to understand the strengths, weaknesses, implications, and interactions of these four models, as well as of the specific reforms that are derived from them. That careful examination will also enable us to understand why several of the contemporary packages of change have been disappointing to their advocates and have confirmed the suspicions of their critics. Changing the public sector, or any other significant aggregation of large organizations, is not an easy task. I hope that with a more thorough and dispassionate examination the difficulties, and the possibilities, will become clearer.

REFORM CONTINUES

To this point I have talked about the dismantling of a traditional form of governing and of administering programs in the public sector. The problem with successful reform is that this quickly becomes the new orthodoxy and in turn becomes subject to challenges and changes. This has certainly been the case for the reforms of government that were implemented during the 1980s and 1990s. Although these provided a series of possible solutions to the problems of governing, they also generated their own problems, and thus there have been reactions to changes that advocates had seen as the solutions to governing.

What has happened in the public sector after the four types of reforms were implemented is discussed in chapters 6 and 7. I am arguing that there have been four principal reactions to the first rounds of reform. The first has been to emphasize performance and quality in government in contrast to the concern with econ-

Table 1.1. Major Features of the Four Models

| | Market Government | Participative Government | Flexible Government | Deregulated Government |
|---------------------|--|---------------------------|------------------------------|------------------------------|
| Principal diagnosis | Monopoly | Hierarchy | Permanence | Internal regulation |
| Structure | Decentralization | Flatter organizations | "Virtual organizations" | No particular recommendation |
| Management | Pay for performance; other private-sector techniques | TQM; teams | Managing temporary personnel | Greater managerial freedom |
| Policymaking | Internal markets; market incentives | Consultation; negotiation | Experimentation | Entrepreneurial government |
| Public interest | Low cost | Involvement; consultation | Low cost; coordination | Creativity; activism |

omy and efficiency, which were emphasized in the first round of changes. Governments are now using performance and quality standards as the means for assessing management and policy, with economic efficiency being one of a number of standards that are being applied to managers and their programs.

Besides the emphasis on performance, the more recent set of reforms has been stressing the need for coordination. The initial rounds of reform tended to disaggregate the public sector, both structurally and procedurally. Reforms such as Next Steps in the United Kingdom, and the creation of a number of autonomous and quasi-autonomous organizations in many countries, have made the familiar problem of coordination in the public sector even more difficult to achieve. Similarly, ideas of empowerment have tended to cause many managers to assume that they should be concerned with their own programs to the exclusion of any responsibilities they may have for the public sector as an entity.

The third dimension of reactions to initial reforms has been to reregulate the public sector. The initial reforms did a rather thorough job, at least in some countries, of removing the rules and regulations that had shaped public management and that had to some extent produced problems for efficient management. It has appeared to many observers that these reforms went too far and reduced some of the capacity of central agencies and political leaders to ensure equality and probity in government. There is one important difference between the old approach and the regulations being implemented in the more recent round of changes—they tend to be *ex post facto*, with central organizations now assessing what organizations have done and then imposing controls when they believe that they or their managers have behaved inappropriately.

Closely related to the attempts to reregulate government are general concerns about accountability. As well as removing a number of organizations from direct ministerial responsibility, advocates of the first round of reforms tended to assume that managers and even lower-echelon employees could make more of

their own decisions and that means to hold them accountable were unnecessary. At least the mechanisms of parliamentary accountability did not seem as appropriate as they once did after those associated with New Public Management had been established. Therefore, new means of accountability have had to be found to replace what has been lost, and these often focus on both performance management and reregulation.

This second round of reforms lacks the strong intellectual roots that characterized much of the reform implemented during the first round of change. The one exception to that generalization is the quality movement in government, which, as I will demonstrate, does have a good deal of academic development and an extensive literature. The other three brands of reform, however, are in many ways restatements of some traditional ideas in public administration, albeit modified to some degree to meet the demands of a changed public sector. Still, these reforms are more complementary than were those in the first round of change. The changes in the second round point, in one way or another, toward restoring some of the older values associated with governing and the restatement of those old virtues.

We also must ask whether the reforms, and the style of governing associated with them, are appropriate as universal standards or whether they are bound in culture and in particular socioeconomic systems. The ideas associated with management reform have now been spread to many developing countries, usually in connection with the programs of one or another donor organizations. Though they may have produced some notable results in the industrialized democracies, these programs appear unsuited in many ways to the administrative and cultural conditions of developing societies. In particular, public administration in developing and transitional countries often lacks the institutionalized value systems that make deregulated and more autonomous governing feasible—feasible, that is, assuming that any government must maintain its accountability and integrity, as well as being efficient. With these concerns in mind, I shall examine the spread of ideas about public management reform and their effects on government in a range of countries outside the industrialized democracies (see chapter 8).

In summary, governing continues to present challenges to the individuals who choose to make its pursuit their career. They have been proving themselves to be creative and persistent in meeting those challenges, but they have not yet found the philosophers' stone that will produce good government in the large, complex, and often recalcitrant systems within which they function. The evidence presented here, however, is that they continue to try; and they do respond to failures, and even to successes, as they continue to design new instruments for governing. As we examine their efforts we should always remember that the tasks of governing are almost inherently more difficult than the tasks of managing in the private sector, given the multiple goals, the constraints on action, and the demands for accountability that characterize the public sector. We can only hope that the pursuit of better ways to manage the public's business will continue.

2

Market Models for Reforming Government

If there is a single alternative to the traditional model of public administration favored by contemporary politicians, academics, and probably also the public, it must be the market model. Instances in which this model has been applied, or claims have been made that it has been applied, are perhaps too numerous to list here.¹ The fundamental point is that the dominant *Zeitgeist* of reform in government has been to use the market and to accept the assumption that private-sector methods are almost inherently superior for managing activities (regardless of what they are) than are those of the traditional public sector. Whether administrative change is being considered in the most affluent country of Western Europe or the poorest country of Africa,² the operative assumption appears to be that the best, or even only, way to obtain better results from public-sector organizations is to adopt some sort of a market-based mechanism to replace the traditional bureaucracy.

In this view of the world, the principal problem with traditional bureaucracies has been that they do not provide sufficient incentive for individuals working within them to perform their jobs as efficiently as they might. Given this dearth of motivation, individuals will usually attempt to maximize other qualities in their job. One such quality might be "on-the-job leisure" (Peacock 1983), with the result that the familiar image of the slothful, indolent bureaucrat is created. Then there is the argument that bureaucrats frequently maximize the size of their agency budgets as a means of enhancing their own personal power and income (Niskanen 1971; McGuire 1981). This view raises the specter of the activist, megalomaniac bureaucrat—certainly the antithesis of sloth—and assumes further that administrators can gain personally from a larger budget.

Further, bureaucrats and their organizations are sometimes conceptualized as overzealous, not about personal rewards but about the exercise of public policy, especially those that are alleged to damage industry and impose "internalities" on the society as a whole (Wolfe 1988; Booker and North 1994). Once