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**NEW PUBLIC MANAGEMENT: A  
PARLIAMENTARY  
PERSPECTIVE**

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### INTRODUCTION

Within the broader field of public administration, no topic has been more controversial in recent years than that of the new public management (NPM) or managerialism. Books, journals, conferences have abounded on this theme and its variants. As could be expected, there is much confusion, much argument, much in the way of contrary claims. There is even some doubt as to whether there is any change at all. For example, Lynn (1996) argues that he is skeptical as to whether new public management is an international phenomenon or even a phenomenon at all.

From the perspective of the UK, New Zealand and Australia, such claims seem to fly in the face of what has happened. There has been a period of managerial reform unlike any other this century. While it can be argued that 'the pace of change is greater in some countries, for example New Zealand, Australia and the UK than in others, such as the US and Germany' (Nunberg, 1995, p. 4), this is only a partial answer. It is also possible, along with the institutional differences that might slow the pace of change, that the debate over the new public management shows a further decline in the explanatory power of public administration. From being a world leader over much of the twentieth century, public administration, particularly American public administration has been left behind. Practical inventions are evidenced more in other countries, while intellectual leadership may have passed to institutional economics.

The May/June 1998 issue of *Public Administration Review* advertised a 'symposium' where a number of writers - including another article by Lynn (1998) - put forward their arguments about the new public management. While many cogent points are made, the overall point seems to be missed. At the same time as there is little more than academic debate in the US, the public services in other countries have been transformed and, in some cases, torn apart. There are theoretical changes of some moment in other countries that have not received the attention or understanding they deserve.

Something has happened in recent years. Whether or not it is a change of paradigm, or mere reform, or even business as usual is open to debate. The aim here is to look at NPM from a parliamentary perspective, and more particularly an Antipodean one, where more change has occurred than in the US. Rather than the absence of marked change in the US - contra Osborne and Gaebler (1992) and Gore (1993) - being proof that the new public management is a flawed set of reforms, it is argued that what has happened is another kind of American exceptionalism. Despite being the original home of much of the theory behind NPM, particularly economic theory, the political system in the US diffuses and ameliorates major change of any kind. The effects of NPM can be seen more clearly in parliamentary systems where elected governments have far more effective power over their bureaucracies.

### WHAT NPM IS AND WHAT IT IS NOT

NPM would generally be considered to include: far greater attention paid to the achievement of results and the personal responsibility of managers; an expressed intention to move away from classic bureaucracy to make organisations, personnel, and employment terms and conditions more flexible; organisational and personal objectives to be set clearly which enables measurement of their achievement through performance indicators; more systematic evaluation of programs; government functions more likely to face market tests, such as contracting out; and a trend, other than in the US, towards reducing government functions through privatisation (see Hughes, 1998).

From another perspective, Rhodes argued that new public management in Britain was a 'determined effort to implement the "3Es" of economy, efficiency and effectiveness at all levels of British government' and argued (1991, p. 1):

The 'new public management' has the following central doctrines: a focus on management, not policy, and on performance appraisal and efficiency; the disaggregation of public bureaucracies into agencies which deal with each other on a user-pay basis; the use of quasi-markets and contracting out to foster competition; cost-cutting; and a style of management which emphasises, amongst other things, output targets, limited-term contracts, monetary incentives and freedom to manage.

Dunleavy points to an ideological dimension arguing:

New public management is the domesticated, de-politicised version of 'new right' or 'market liberal' policy analysis, made somewhat more technical, consensual and generic. . . Effectively, NPM has become a generic label for a group of policy and administrative solutions emphasising competition, disaggregation and incentivization (1994, p. 38).

Pollitt (1993) agrees with the ideological dimension to NPM as do others, notably in the UK, where NPM was associated, at least at first, with Thatcherism.

There are really two key points in all these formulations. First, the new public management aims to be market-based - derived from economics - using such theories as public choice, principal-agent theory and transaction cost theory (Walsh, 1995, Boston *et al*, 1996; Kaboolian, 1998, p. 190) and, secondly, to move away from bureaucracy as an organising principle.

On the first point, economists interested in government, influenced by outside groups and think-tanks, arrived equipped with theories that seemed to offer more precision, more utility and more consistency than the vague, fuzzy notions of traditional public administration. The theories of the 'new institutional economics', combined with an ideological predilection among many economists for market solutions, provided some intellectual coherence to cutting the public service, as well as restructuring its management.

The second key point is related to the first, in that bureaucracy is an alternative organising principle to that of markets, so that a move towards markets is a move away from bureaucracy. Bureaucracy, as a theory and a method, lost its pre-eminence by the late 1970s in part by the attacks from public choice theorists, but also from the widely-held view in the private sector that bureaucracy is technically inefficient. As a result, several public administration precepts - lifetime employment, promotion by seniority, distinctive terms and conditions of public employment, traditional accountability, even the theory of bureaucracy - were challenged as based on poor theory and providing inadequate incentives for good performance.

Related to this, the advent of NPM can be characterised as a change from 'administration' to 'management'. Administration is essentially about bureaucracy. It means carrying out defined tasks; how well, how timely, or how effectively, is the concern of someone else. Management does *include* administration (Mullins, 1996, pp. 398-400), but also involves organisation to achieve objectives with maximum efficiency, as well as genuine responsibility for results. These two elements were not necessarily present in the traditional administrative system. Public administration focuses on *process*, on procedures and propriety, while public management involves much more. Instead of merely following instructions, a public manager focuses on achieving *results* and taking responsibility for doing so.

The change to management is about more than mere words. In New Zealand, for example:

There has been a major shift in emphasis from *controls over inputs* to *control over outputs*. As a result, both politicians and departments themselves have begun asking serious questions about their activities, why do they do them, and whether they should continue doing them or whether they should be doing something else. . . Anecdotal evidence . . . suggests that departments are providing better services with fewer resources

and ministers believe that they are able to make more informed choices about outputs (Boston et al, 1996, p. 359).

In other words, in New Zealand and in Australia to an extent, NPM has actually worked and to a has worked better than is recognised by most public administration academics. It has been a massive change, greatly affecting the career prospects of public servants along with a marked deterioration in their working conditions. But in terms of delivering services effectively and efficiently it has been a success.

NPM is not about reducing democratic choice, not about replacing politicians by managers, not about encouraging bureaucrats to act unethically, although all these claims have been made. It *is* about management, rather than administration and using economic theory to carry out managerial functions rather than the woolly public interest theories behind traditional public administration.

## NPM AS AN INTERNATIONAL PHENOMENON

A key feature of the managerial reform agenda is its similarity across nations and the seeming total agreement on the *direction* of reform. That there are such similarities between countries is quite unusual. The more visible aspects would be the general cuts to spending, and privatisation of government enterprises. There are other similarities, even in, say, the detail of budgeting systems, or the kinds of regulations to promote competition, or changes to personnel systems.

However, there is some debate as to whether new public management is an international phenomenon or even a phenomenon at all Hood (1995), Lynn (1996). For students of public management in the UK - even though Hood is based there - or New Zealand or Australia, to name but a few countries, it seems odd to argue that there has been no change in the management of the public sector since the early 1980s. Literally tens of thousands of public servants in Australia lost their jobs in restructuring and those that remained now face uncertain tenure and greatly diminished conditions of service.

Similar changes have taken place in other countries, even in the developing world, and many of these were led and encouraged by international agencies such as the OECD and World Bank. Perhaps the Thatcher government led the way but this was only part of sustained theoretical and practical attacks on the *command* or bureaucratic part of society in favour of the *market* principle. It is noteworthy that the arrival of the Blair government did not lead to a return to traditional bureaucratic administration. Leftist governments in other countries - Australia and New Zealand, for example - carried out similar reforms. As Boston *et al* argue:

Although the rhetoric might have varied around the world, most of the recent efforts at governmental reinvention, restructuring, and renewal have shared similar goals - to improve the effectiveness and efficiency of the public sector, enhance the responsiveness of public agencies to their clients and customers, reduce public expenditure, and improve managerial accountability. The choice of policy instruments has also been remarkably similar: commercialisation, corporatisation, and privatisation; the devolution of management responsibilities; a shift from input controls to output and outcome measures; tighter performance specification; and more extensive contracting out (Boston et al, 1996, p. 2).

A key argument against the notion of an international movement is that different countries have implemented different changes at different times or for different reasons. This is a rather weak argument and does not disprove the notion of similarity. For example, Hood argued (1995, p. 109) that 'The Australian Commonwealth government resisted 'agentification' of its structure, on the grounds that it was dangerous to separate policy from execution, while New Zealand and the UK took exactly the opposite course'. The problem with this argument is that in fact all that was happening was that agentification was on its way, just slightly later. In a way that reinforces the point Hood is arguing against, the creation of service delivery agencies in Australia commenced a year after his article and is now likely to approach the levels in

the UK. The timetable need not be the same, the point is that the underlying principles and theories are the same. Other points - reduction in public service conditions of service, program budgeting, accrual accounting and many others - were identical, although they did not take place at the same time in all countries. It is evident that the key theoretical changes - management rather than administration, a basis in economic theory, cuts in government function and privatisation, widespread use of contracts - have spread worldwide, even if the detailed reforms have varied.

## HAS ANYTHING CHANGED?

In Australia, as in other countries, NPM came from the politicians asking awkward questions of their public services. When theories suggest that bureaucratic provision is inherently inefficient, when economic studies show the same thing, why should public servants have permanent, lifetime employment when no one else does; why should they not be hired by contracts? If someone is employed to do a job, what is so wrong in seeing if it was carried out? The public services had lost public support to such an extent that governments found little resistance to changes which would have once been regarded as destroying the very notion of a public service. And once change began the various aspects of the traditional model were taken apart. Let us consider two examples from Australia. The first looking at personnel management in government, the second the use of contracts.

### Personnel Management

Public services in Australia conformed for most of the century to what was called the career service model, described in the mid-1970s by the Coombs Commission (1976: p. 169) as follows:

- (i) *recruitment by merit* (however defined) to a
- (ii) *unified service* (intended to mitigate the evils which result from a fragmentary service) subject to
- (iii) *independent, non-political control* of recruitment and of the conditions of employment; and where the rights of career public servants are protected by
- (iv) regulations which *discourage the recruitment of 'strangers'* to positions above the base grade, and by
- (v) *legislated protection against arbitrary dismissal* (termination being only for cause and by due process). This unified service is characterised by
- (vi) a hierarchical structure of positions defined by
- (vii) a regular system of *position classification* of salaries (with incremental advancement within the salary ranges of particular positions), with the career public servant rising through this hierarchy of positions according to
- (viii) a system of *promotion by merit* subject to
- (ix) a system of *appeals against promotions* (designed to ensure that justice is seen to be done) — the final reward for long and loyal service being
- (x) a distinctive retirement and pension system.

These points are classic principles of bureaucracy that might well have been written by Weber. Within twenty years, virtually all of these had changed totally, with the exception of recruitment and promotion by merit (see also Nethercote, 1996).

There is now no unified Australian Public Service. An independent personnel agency, the Public Service Board - the equivalent of the Office of Personnel Management in the US - was abolished in 1987. There is no effective protection against arbitrary dismissal; recruitment is now no longer exclusively at the base grade; position classification no longer exists in general, having been replaced by broad-banded 'levels' of employment; appeals against promotion and grievance procedures have been considerably watered down. Even the distinctive retirement and pension system has largely disappeared and has been replaced by arrangements more like the private sector.

It is becoming easier to hire the right people, quickly and often with variations to the standard conditions of employment. Departments have set out to break down the rigid hierarchical structures and provide flexibility. Rather than secure lifetime employment, more employees at all levels face regular restructuring of their agencies, more movement, more redundancies and less certainty. There are likely to be more dismissals, and further cuts.

In my own state, Victoria, the government restructured the public service, dispensing with a third of its employees. Public servants have no tenure beyond four weeks notice and were all reclassified as 'government employees', rather than public service officers. All senior bureaucrats are placed on short term contracts with a substantial (20 per cent) performance pay component. These changes have been controversial for public servants. They were resisted by employees and unions, but public servants found they had little support in the general community. Governments and political leaders found they could restructure totally without it seeming to affect their political standing. So they continued.

### **Contracting**

The other major change is that of contracting. Of course, contracting was never unknown before, but contracting now has been extended to hitherto unimagined limits. The standard now openly referred to is the 'Yellow Pages' standard, meaning that if there is a business listed in the Yellow Pages that could do a task now carried out in government, then, prima facie, it should be contracted out. Personnel management is contracted out, information technology is contracted out including the use of sensitive government information held about individuals. Coastal surveillance is contracted out. Under binding competition legislation, the principle of 'competitive neutrality' means that there can be no favouritism for in-house providers of government goods and services as against possible outside contractors. In Victoria, over 50 per cent of Most local government services are now contracted out, as mandated by legislation. This started with garbage and parks but has extended to such sensitive matters as planning permits and health services to children and the aged. There can a set of linked contractual arrangements. For example, a public hospital operates on a contractual arrangement with its health care network, which in turn is contractually bound to the Health Department and this can involve a contract or service agreement between the service delivery agency and the policy department.

These changes have moved at a rapid rate with Davis arguing that contracting is another model altogether beyond that of NPM (1997, p. 226):

In many countries contracting is moving beyond provision of limited goods or services within governments to embrace the overall design and approach of public services. Governments increasingly appear a transparent universe of subcontractors, organised around statements of goals and strategic plans, concerned not with some nebulous public good but with meeting performance indicators set out in an agency agreement. Contracting can replace traditional bureaucratic hierarchy and command with networks of providers loosely clustered around government funding agencies, delivering services once the exclusive domain of the state.

A public service operating under explicit contracts with the private sector, or explicit contracts between policy departments and service delivery agencies, is a very different public service. There can be no thought of service to the public or even service to the government. If everyone employed is a contractor, no one has a longer time horizon than the end of their contract; if everyone is a contractor, there can be no such thing as the public interest, only what appears in the terms of a contract. As Davis argues: 'the result is a hollow state, a government which regulates markets but does not participate in them, a remnant public service which sets policy but relies on others to deliver the goods' (1997a, pp. 61-62).

Even policy advice is increasingly contracted out, or 'contestable' in the current jargon, as indeed is the management of contracts. Both these changes - personnel and contracting - have transformed the public

services in Australia. To claim that nothing has happened as a result of New Public Management seems quite extraordinary.

## THE US AND WESTMINSTER COUNTRIES

Lynn calls for a new research agenda following from NPM (1998) and, if the suggestion is adopted, such a research agenda could look fruitfully at why the reform process has been carried much further in Westminster countries than in the US. Why should reforms originally developed in the US falter in their country of origin but succeed in other settings?

A failure in the US is also taken as a failure of the model. Lynn does this in his discussion of Hughes (1994), described as 'a recent Australian textbook . . . replete with bows towards Osborne and Gaebler' (1996, p. 9). Lynn quotes the following passage from Hughes (1994):

the managerialist agenda is, in essence, quite simple. Governments would like to know that public ends are being served in an efficient and effective manner. Corporate planning techniques can specify what departments are to do; program budgeting means that means that scarce funds can be better targeted; performance indicators allow some measure of how well targets are being achieved; and the personnel changes increase flexibility so that the most able are rewarded and the inadequate can be removed.

Lynn goes on to argue that 'to an American, such an agenda summarises largely discredited American administrative reforms of the 1960s and 1970s. Even the language, featuring cost-effectiveness and program budgeting, is the same as that of Planning-Programming-Budgeting (PPB)' (1996, pp. 9-10).

This comment is regarded as enough of a dismissal of the points made. However, what Lynn ignores is (i) that the recognised failure of PPB in the 1960s says more about the US political system than it does about program budgeting as an idea and (ii) whatever else one thinks of NPM, the financial reforms in other countries have been a success despite the problems of PPB in the 1960s.

### Institutional Factors

Perhaps public service reform is easier to establish in a parliamentary system of government. It is without doubt that the power wielded by the executive in New Zealand under single-party majority governments 'was quite possibly without parallel in democratic systems' and these institutional arrangements 'facilitated the public sector reforms of the mid to late 1980s' (Boston et al, 1996, p. 68). As Boston *et al* argue:

Small size, a centralised, unitary system of government, a unicameral legislature, and relatively secure single-party majority government all contributed to the relative ease and speed of New Zealand's reforms. On the one hand, they made it easier to reach consensus, at least at the elite level. On the other hand, they enabled governments to override or ignore opposition where no consensus could be secured, thereby facilitating rapid legislative enactments (Boston et al, 1996, p. 352).

It was similar in the UK where a Prime Minister in Westminster has far more effective power than any president, as has a New Zealand Prime Minister. Within one office is combined the executive and legislative powers, including close to total control over the government budget. Perhaps one reason why NPM tended to occur a little later in Australia and Canada, even if in the same direction, is that the existence of a written federal constitution diffused power to some extent.

Compare this to the US with its greater separation of powers. No one institution firmly in charge of the government budget. The executive and the legislature compromise and compete with each other. Individual agencies do not necessarily accept that the President is in charge of their function, but build separate

relationships with Congress to preserve their funding. The results include the long period of very large budget deficits and even the closure of federal government for several weeks at times when the system of compromises break down. These events would not occur in parliamentary countries. If they did the government would fall.

Management change in the US has lagged other countries as Lynn argues:

Whatever one concludes as to the extent and direction of bureaucratic transformation as a worldwide phenomenon, very little transformation is occurring in the United States, where many of the boldest claims of change originated. The United States has had comparatively little state-owned enterprise, and the sell-off, devolution, and deregulation have been gradual for some time, so privatisation has limited impact on US government operations (1996, p. 17).

These points are largely correct, especially the latter one, but the absence of change in the US in no way damages the general claim of NPM being an international phenomenon. Rather what is happening is an international phenomenon in which the US is a laggard due to the vicissitudes of its domestic political institutions.

One *Public Administration Review* writer who can see this is Khademian who argues:

In the Westminster systems of New Zealand and Britain, in particular, public managers are supposed to be operators under contract with ministers. Policy and operations are strictly separated (in theory), allowing the public manager to focus on maximising operational effectiveness to achieve the performance measures defined in the political arena. In America, on the other hand, such organisational clarity is lacking, and reformers seek out roles for the public managers that go far beyond the strict definitions of New Zealand and Britain, in an effort to resolve the lack of clarity (Khademian, 1998, p. 271).

Specifying goals and clear contracts fit much better into a Westminster system of government where the government of the day has far more effective power. She adds:

The institutionally pluralistic US government often prevents articulation not only of intellectually coherent and rigorous ideas, but also of clear policy mandates from the political arena. Disputes between the legislative and executive branches easily spills into the oversight - and eventually the management - of programs. Changing constituent needs (eagerly attended to by members of Congress quite independent of their parties) must be met before a slow-moving, divided government can make legislative changes. The judicial system and 50 separate state experiences provide constant feedback to managers trying to serve dozens of political principals and still achieve efficiency and effectiveness. Managers trying to identify some clarity in their mandates within this context must typically engage in the process that achieves mission definition, the setting of goals, and the building of public support for their programs. The specification of goals and contracts, hailed . . . as key to the transparency and hence accountability that make the New Zealand system thrive, is precisely what is most difficult to achieve in the American system (Khademian, 1998, p. 271)

Khademian gets it about right. The biggest problem in the US adopting NPM in any comprehensive way is that it may not be suited to the American political system. This is not to say that parliamentary systems are any 'better' than the separated system presidential system exemplified by the US; it depends on what 'better' means. Even if a parliamentary system allows the government more effective power, including in this case the power to force change on the public services, it may be decided that the greater ambiguity and opportunity for compromise provides a value of its own, or that concentration of power in the executive is

not desirable. However, what this has meant in the US is that agencies have far greater scope than in parliamentary systems to build their own relationships with law-makers, to quietly obstruct or even actively oppose reforms that the executive might impose.

### Financial Reforms

Looking at the specifics of the Lynn argument about NPM being a recycled version of the failed PPB in the US, it might be useful to look at, first, the failure of PPB and secondly, the financial reforms that have occurred in other places.

As we know, program budgeting did not succeed in the US. The initiative did not survive the Nixon administration and, by 1971, 'PPB as a major budget system and even as an acronym was allowed to die a quiet death' with the main reasons for its failure being:

The lack of the leadership's understanding of and commitment to using program budgeting tended to deter success, as did an agency's general 'underdevelopment' in the use of analytic techniques. Agencies administering 'soft' social programs had difficulty devising useful program measures. Bureaucratic infighting also reduced the chances of successful implementation (Lee and Johnson, 1989, p. 84).

The most prominent critic of program budgeting was Wildavsky. For him, program budgeting has failed 'everywhere and at all times' (1979, p. 198). Yet, his criticisms may not be as universal as he states. His general argument is that program budgeting is an attempt to impose rationality on what is basically an irrational (or highly political) process. This greatly overstates what program budgeting can actually do, or is actually about. The final budget decisions are *necessarily* political, as choices must be made between totally unlike activities. Program budgeting, at least as it is now being implemented, simply provides far more *information* for the politicians who finally make the decisions. At the point of decision, their choices may still be irrational, although more information obviously helps decision-making. Wildavsky's criticism of PPB is likely to have been applicable only to the United States - where budgetary responsibility is diffuse or evaded altogether - than in parliamentary systems where the executive has complete control over its budget. The demise of PPB in the US is sometimes used as an argument against any comprehensive financial management system. However, program budgeting in parliamentary systems has actually been successful. Where the executive is firmly in control of the parliament, the bureaucracy and the overall government budget, program budgeting works and works very well indeed as has been shown in such countries as Australia and New Zealand.

In New Zealand, the financial changes were 'well-received by departments, particularly at senior management levels, and politicians' (Boston et al, 1996, p. 267). Boston argues, that, in general, the financial management initiatives are 'generally viewed as among the most successful aspects of the new public management regime' (Boston et al, 1996, p. 359). The Financial Management Initiative program in the UK and the Financial Management Improvement Program in Australia were among the more successful parts of the overall reform process. Certainly performance was to be measured, goals and objectives specified in exactly the same way as in PPBS, the only difference was that it worked. Again, the US might prove the exception rather than the rule.

Other mechanisms beyond program budgeting, notably accrual accounting, further improve control by moving from traditional cash accounting to include changes in asset valuation. This means that depreciation (or appreciation) of assets is included in the budgetary process. In other words the complete financial impact of government can be accounted for. While difficult to implement, it does offer an improved accounting system to go along with other parts of new public management. Following the lead of New Zealand, an integrated accrual accounting framework has been introduced at the federal level in Australia with a 'whole of government' statement submitted for the first time in 1997.

Parliamentary countries, particularly Westminster parliamentary countries, demonstrate that, rather than the managerial methods being flawed, based on US failures in the 1960s and 1970s, it is rather that the earlier reforms failed in the unusual US political system.

## THE INTELLECTUAL CRISIS IN AMERICAN PUBLIC ADMINISTRATION REVISITED

It is indisputable that there has been considerable change in the management of the public sector. But at what point does change become more than incremental and become significant enough to be a shift of paradigm?

Lynn argues that NPM is not a new paradigm, and that 'the variations in the models of reform being tried around the world strongly suggest that *there is no new paradigm*, if by paradigm we use Thomas Kuhn's original definition: achievements that for a time provide model problems and solutions to a community of practitioners' (1996, p. 11). It is, of course, difficult to decide when one paradigm ends and another one starts. But it is more arguable that there has been a change of paradigm than Lynn allows.

There are those who argue for a new paradigm, including Osborne and Gaebler who claim that reforms represent a paradigm shift (1992, p. 19) as does Barzelay (1992) who contrasts a post-bureaucratic paradigm with the bureaucratic one in place for most of the twentieth century.

As argued elsewhere (Hughes, 1998) it is argued that not only is there a new paradigm, it is the one identified by Ostrom in 1973. Ostrom argued that there were two forms of organisation: bureaucracy and markets and further that what he termed the new political economists were proposing a new paradigm for public administration based on markets. As he argued, in a later edition, (1974, p. 19):

The theory of public goods is the central organising concept used by these political economists in conceptualising the problem of collective action and of public administration. By contrast, the theory of bureaucracy is the central concept in the traditional theory of public administration. When the central problem in public administration is viewed as the provision of public goods and services, alternative forms of organisation may be available for the performance of those functions apart from an extension and perfection of bureaucratic structures.

Ostrom argued that Weber's theory of bureaucracy 'was fully congruent with the traditional theory of public administration in both form and method' (1974, p. 9), but that there was an alternative possibility in public choice theory. This was prescient at the time given the dominance of a public interest model of administration.

Ostrom argued that the work of contemporary political economists, based upon a paradigm derived from economic theory, 'challenges many of the basic assumptions in the traditional theory of public administration' (1974, p. 73). He argued bureaucratic organisation is an alternative decision-making arrangement to individualistic choice. It implies 'reliance upon hierarchy where subordinates are required to defer to the commands of superiors in the selection of appropriate actions and are subject to sanctions or discipline for failure to do so' (Ostrom, 1974, p. 58)

Bureaucratic organisation and markets are, to Ostrom, opposing types of organisation and he sees the former as less efficient or effective than allowing choice through markets; competition, consumer sovereignty and choice provide incentives to lower costs which are argued to be absent in the bureaucratic model of administration.

Contrast this to Lynn, who seems to find it hard to imagine government without Weberian bureaucracy and regards this as necessary for the modern nation state. He argues of NPM:

The proposition that we are witnessing a fundamental transformation in modern bureaucracies, as opposed to incremental modifications, must be based on a belief that we are witnessing a fundamental transformation in the historic role of the nation state and of the force of nationalism, in the generative forces of public administration, socio-political and economic transformation of a character that 'predicts' the new paradigm as a resultant. If the bureaucratic paradigm is rational/legal in the Weberian sense, then a post-bureaucratic paradigm must be founded on a different basis of legitimacy: perhaps different forms of rationality, different jurisprudential principles, a different allocation of property rights (1996, p. 6)

This argument is sophistry. As has become more evident, despite Weber's beliefs and predictions, bureaucracy is no longer generally regarded as a particularly good way of organising. The private sector saw this first and the public sector has followed. As for the alternatives, the obvious answer is the one that Ostrom identified twenty-five years ago and that is market rationality.

Government can exist without formal bureaucracy, or at least as much formal bureaucracy as there has been over most of the twentieth century. In many circumstances, particularly the service delivery parts of government, market approaches can be more efficient than bureaucratic ones. Even if bureaucracy of a formal kind survives in government, there is likely to be far fewer bureaucrats and these will be confined to higher level functions.

Lynn argues that NPM will fade away:

Despite being nominated to paradigm-hood by admirers, the New Public Management is an ephemeral theme likely to fade for several reasons: (1) the initial shape of the Westminster reforms that inspired the term will eventually be disfigured in the course of political succession, and partisans and scholars alike will see new opportunity in proclaiming the metamorphosis or death of the New Public Management; (2) as comparative work across countries and sectors accumulates, fundamental differences among reforms will begin to eclipse superficial similarities; (3) the term 'new' will be viewed as an inconvenient adjective for emerging themes or objects of inquiry; and (4) political debate will require a fresh theme to attract attention to and support for the next wave of ideas for administrative reform. Most of us could write the New Public Management's post mortem now (Lynn, 1998, p. 232).

On the first point, political change can overtake any kind of reform. But what has actually happened in Westminster systems is that changes of government – from Left to Right as in Australia and New Zealand, Right to Left in the UK – have either left the NPM changes unaltered or, as in Australia from 1996, accelerated them.

On the second point made by Lynn, there are differences between countries, but the agenda has been driven by the same underlying theory. Australia was slower than New Zealand in adopting some parts of the NPM agenda. Five years ago, agentification in Australia was not happening and Australian public servants largely still had public service conditions where they did not in New Zealand. Now there is much more similarity with service delivery agencies being created and private sector-like conditions for government employees. New Zealand was not on a different path to Australia; it was on the same path, just further along.

Of course, that any administrative reform eventually passes its use-by date is too obvious to need any mention, as is the need for theorists to find something else. However, in the broad sweep of history the part-replacement of bureaucracy by markets and the strength of economic theory in management are likely to be longer lasting. Kuhn also says that the passing of paradigms is a generational matter, where those socialised in the earlier paradigm do not accept a new one but eventually fade away with the advancing years (1968, pp. 150-59).

## CONCLUSION

It is undeniable that public services around the world have undergone dramatic change since the 1980s. Even Lynn concedes this. Whether or not these changes amount to changes in paradigm is more arguable. Some will argue for continuity, others for change; some will argue that a glass is half full, others that a glass is half empty.

Of course, some countries have made changes at differing rates to others, or for differing reasons, the important point is the direction of change which has been consistently away from public provision of goods and services, towards greater use of markets through privatisation and contracts, and involving the use of managers rather than administrators.

There has been so much change in recent years in countries that public servants and the populace as a whole are somewhat bewildered. There are problems with the new public management, not the least being the ones of the role of democracy in a post-bureaucratic age, including the rights and responsibilities of the citizenry. These points need to be addressed and there is a long way to go before the newer view of the public sector and its management will be generally accepted. However, it does not help to say that nothing happened, or that there is no change in theory as a result.

Dunleavy argued in 1994 that 'there is a clear danger of the radical outsourcing evangelism coinciding with bureaucratic incentives for organisational reshaping and political loss of confidence in the nation state as an expression of the collective life of complex societies' (1994, p. 61). In the globalisation context to which Dunleavy is referring this is a real danger and a real point to look at on Lynn's research agenda. Another related one is the coincidence of reshaping governmental institutions and service delivery mechanisms with an increasing alienation from politics altogether.

Governments and governance will not disappear and no matter how far cuts or attempts to contract out proceed, there will still be much for government to do. What new public management argues, above all else, is that there should be no presumption that government need only proceed through the methods of Weberian bureaucracy. As Ostrom argued twenty-five years ago, there is an alternative based on economics. Parliamentary countries, particularly Westminster ones, show this more clearly than does the US. Any research agenda looking at theoretical change should bear this in mind.

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