

### **Book Review**

Tom Christensen and Per Lægheid, editors.  
Transcending New Public Management: The Transformation of Public Sector Reforms.  
Aldershot, UK : Ashgate, 2007.

Reviewed by Howard A. Doughty

“[I]n transacting its business [the government’s] object is not usually the acquisition of gain but the furtherance of the welfare of the community.”

Frank Goodnow, 1893

It is comparatively easy to draw in broad strokes a picture of economic evolution of at least the Western world of political democracy and market capitalism as it has evolved over the past fifty years. Government intervention in the economy was increasingly accepted as citizens gradually won social and economic rights, and came to expect public expenditures in health care, education and the social and material infrastructure. The US interstate highway system, the vast increase in college and university education and, of course, the iconic landing of a man on the Moon and returning him safely to Earth were notable. So were military expenditures and the prosecution of the Cold War. A signature line for the 1950s was uttered by Ronald Reagan, still a B-movie actor and sometime spokesman for the General Electric Corporation: “Remember, folks,” he intoned on his television commercials, “at General Electric, progress is our most important product.” Progress, of course, could be defined as a new “labour-saving” household appliance or a guidance system for nuclear weapons.

Corporate capitalism promised the good life. For North Americans, not yet bothered by foreign competitors from Asia, that consisted of a single family suburban dwelling, a new television set, an automobile produced by one of the “big three” car companies — and protection against attack, most likely from the USSR. Amid social unrest and an expensive and unwinnable war in Vietnam, the dream began to decline. By the 1970s, it was plainly being distorted. Despite President Nixon’s proclamation that “we’re all Keynesians now,” that assertion was just one of the things that he got wrong during his aborted presidency.

Starting as early as 1971, economic troubles began to increase as average workers’ wages started to flatten and occasionally deteriorate. Gaps between rich and poor became more noticeable as upward mobility became the exception rather than the rule. True, vast fortunes were to be made in the financial sector, the high tech industries and eventually in real estate; however, each presumptive boom threatened a harsher bust. Beginning with the presidency of Ronald Reagan (ably assisted by British Prime Minister Margaret Thatcher and helped along by Canadian Prime Minister Brian Mulroney), a profound shift in social values and a more profound ideological alteration followed. It was soon

experienced in New Zealand and Australia, throughout Europe and in a number of developing countries. Its meaning was captured in Michael Douglas's line from the 1987 film, *Wall Street*: "greed ... is good." The line was spoken without irony. What was variously called neoliberalism or neoconservatism (depending on whether you liked your free market economics served up with an extra helping of fundamentalist Christian "values") came to the fore in the mid-1980s and flourished as the advanced nations' dominant ideology until a very, very short time ago.

Obsession with balanced budgets, an end to the "free lunch" of welfare entitlements and the embrace of an ever harsher political philosophy allowed public speakers to use opening phrases such as "the reality is ... [fill in the depressing blank]." In the corporate sector, businesses sloughed off loyal workers. Social services were cut or privatized. Educational institutions and hospitals began to seek and secure "private-public partnerships" in order to improve their chances for survival. Everywhere people were threatened with lay-offs, "outsourcing" and submission to global competition which, we were assured, was going to be "lean and mean" and ultimately healthier despite a painful period of adjustment. Maintaining "competitive ness" was the only option. By the mid-1980s, decision-making, which was once done in the metaphorical "lifeboat" of "situation ethics," was soon taking place on a "burning oil rig."

Of course, some people thought this was fine. We were told in a homely fashion that omelettes could not be made without breaking eggs. Unproductive traditions had to be set aside or overcome. Besides, it was said, sometimes with apparent sincerity, part-time and contract workers would enjoy the flexibility of choosing, abandoning and choosing their own careers — again and again. Trade unions, of course, were dismissed as irrational antiquated responses to the industrial era. They were now obsolete. Since we were in an exciting new age in which "information" was all the rage. Work would be increasingly creative. We would pursue our careers in "horizontal" organizations where employees would be "empowered" to make their contributions effectively, efficiently and progressively more from home. Hierarchy was a thing of the past, and people would "own their own jobs." It was all nonsense, of course, but it was important nonsense. It had consequences.

To cope with the fast-changing, technologically driven world of work in the postindustrial political economy, everyone had to change. The public sector was no exception. A new managerial ideology was introduced to replace the ethic of the professional public service. The ideology carried on under a number of labels, but they soon became solidified as "the new public management" (hereafter NPM) which essentially meant that the policies, practices and priorities of private business were to be adopted where possible (and sometimes attempted where demonstrably not possible) in order to minister successfully to expressed public needs in circumstances of permanent fiscal restraint.

The ethics and even the language of the private sector were to be taken up. Deregulation (or voluntary industry self-regulation) was made a priority. College students became "customers"; community service recipients became "clients." Pharmaceutical companies

were invited to test their own products for safety and efficacy. Programs were to be packaged and delivered like tennis balls or toilet fixtures. Commodification was the new model. Accountability was a key term that usually implied measurable “performance standards,” “quality control procedures” and definable “outcomes.” The quantification of public sector objectives and the meeting of service goals were akin to the “bottom line” of private business. Survival in the marketplace was the exclusive measure of success, and survival would come with the employment of managers with the “skill sets” to motivate, energize and, when required, jettison employees.

Tom Christensen and Per Lægheid contributed to our understanding of the changes in the public sector in their 2001 volume, *The New Public Management: The Transformation of Ideas and Practice*. They ably acquitted themselves in the task of bringing together interpretations and analyses of the original reforms that set the world on its collective ear in response to political pressures to reduce expenditures, decentralize organizations, bridge the gaps among “silos,” and encourage a new ethic of small government. “Doing more with less” became a favoured managerial slogan.

In this anthology, they collect contributions by fifteen scholars mainly from northern Europe (Denmark, Norway, Sweden) and Oceania (Australia and New Zealand). Their stated purpose in *Transcending the New Public Management* is to assess how NPM has fared. As might be expected, it has succeeded, failed or (as is always most likely) experienced some victories, some defeats and some unexpected changes in focus and implementation. An early insight into the theoretical and empirical studies comes in the “Introduction.” The reforms that fit the category of NPM were mainly carried out in the 1980s and 1990s. They seem to have irrevocably altered what Christensen and Lægheid call the “old public administration.” The distinction between NPM and “OPA” may not rise to the level of Weberian ideal types, but there is a discernible difference to the phenomena themselves, as well as to the editors view of them. In fact, although acknowledging that sometimes NPM initiatives have suffered reversals (they point to the re-centralization of some public service planning facilities), they are mostly inclined to think of “post-NPM” reforms as a “second generation,” refining and amending but not wholly displacing the originals.

Christensen and Lægheid recognize the debt that NPM owes to the “broad neo-liberal ideology and ... a particular set of economic theories and normative values whose main focus is increasing efficiency.” The notion of a single template for all such innovations is plainly unthinkable; however, at least insofar as elements such as “market orientation, devolution, managerialism and the use of contracts” are concerned, there is enough commonality to warrant a single term.

For the purpose of this review, the key concept is managerialism, for NPM puts great faith in the importance of “leadership” as it seeks to achieve its aims. They also point out, however, that “NPM as a reform wave has been rather less compatible with the traditional culture in Anglo-American countries, which was why reforms fell on fertile ground there, while many other countries like some Continental European and Scandinavian countries were more reluctant reformers because of less cultural

compatibility.” Perhaps there was something to Adam Smith’s description (later repeated with delight by Karl Marx) of the English as a nation of shopkeepers after all.

In any case, although the language can be a trifle discouraging in its pretentious *faux* complexity, and though the implicit and explicit ideological commitments of the editors and authors must be constantly kept in mind, they mostly display a strong dedication to making a theoretically justifiable case and to supply ample empirical evidence to hold the attention (if not always persuade) the sceptic. So, John Harrington’s analysis of “Reform Design and Performance in Australia and New Zealand” was an unexpected pleasure to read. His distinction between “outcomes” and “outputs” originally struck me as ever so slightly arcane; nonetheless, once he pointed out that whereas New Zealand identified outcomes with ministers [and] outputs with chief executives,” an interesting distinction not only in theory and practice but also in political culture emerged. The simple language shift implied for the Australians the “institutionalization of policy and delivery, a perennial shortcoming of public administration.” The ultimate implications for NPM *versus* “old public administration” are fascinating, and can lead to a cunning assessment of leadership roles and evaluation in the senior public service.

Martin Painter’s discussion of “Convergence and Standardization in Telecommunications Regulation: Trajectories of Change and Reform in the Asian Pacific Regulatory State” is also an excellent example of an analysis that might be of little immediate interest to a non-specialist, but turns out to be refreshingly engaging. Although most people may think of state regulation as limiting or actually hampering a competitive economic model, accompanied by constant complaints about bureaucratic “red tape” and the like, Painter is more concerned with increasing the scope of pro-competitive regulation by independent regulators and the “deployment of a different mix of regulatory instruments.”

Painter’s focus is on Australia, Hong Kong and Malaysia. He notes the fact that, in the face of massive technological innovation and vast increases in the quantity and quality of telecommunications activities, governments everywhere have sought to divest themselves of state-owned telecoms, yet have been forced to introduce a new form of the regulatory state in order to ensure the maintenance of service quality in a proliferating globalized telecommunications environment that is characterized by the need to facilitate trans-border relationships.

In such circumstances, national regulatory frameworks not only adapt to the needs and demands of private sector corporations, but also to international regulatory supporters such as the ubiquitous International Monetary Fund and the World Bank. Unlike Harrington, who is preoccupied with the leadership qualities of individuals or groups within a broad range of public service sectors, Painter takes on the task of sorting through regulatory functions in a technologically complex and genuinely transformational industry. The persistent need for national entities that serve as co-regulators and enablers of trade liberalization in an area of growing market integration and regulatory convergence is nicely explained. Painter’s deft analysis of the multi-faceted problems raised by national agencies, multinational corporations and international financial institutions makes a complex process comprehensible and readers are well-served by it.

Finally, I would like to deal briefly with Robert Gregory's insightful assessment of NPM in a concluding chapter entitled "New Public Management and the Ghost of Max Weber." The apparent intent of this lucid twenty-one page essay is to put the entire NPM phenomenon in a larger intellectual and political context. NPM advocates, explains Gregory, "railed against bureaucracy" and spoke of "banishing it" — presumably to replace it with a more "rational" and highly technocratic version of modern organizational theory. They initially relied on proposals from the likes of Warren Bennis and Philip Slater (*The Temporary Society* (1968) and Frederick Thayer (*An End to Hierarchy! An End to Competition!* (1973), who patched together a critique of democratic pluralism based on an eclectic group of sources from Abraham Maslow to Peter Drucker, Erik Erikson, Marshall McLuhan and David Riesman. They later set aside the heavy humanistic rhetoric and concentrated on manufacturing change as efficiency became its own reward. Such visible displays of moral earnestness combined with an apparent indifference to the actual structures of power in society gave notice that, if they had ever read Max Weber, they had not understood much. Gregory goes some distance toward setting the record straight.

Driven by rational-choice and market models of an essentially economic sort, governance was dehistoricized, depoliticized and eviscerated of all moral discourse except one that can be framed on an organization chart and given a virtual life by reference to the systemic flows of inputs and outputs. Only at the senior levels of management does it seem that actual human beings appear in, of course, the form of "leaders."

The lexicon of NPM, then, falls into the trap of all overblown promises and high social expectations. Gregory unambiguously states that the NPM commitment to "transformation" should be "understood not as the attainment of governmental systems that far surpass what they replaced, as gauged against values of efficiency, responsiveness, effectiveness, fairness and equitability." It is the reorganization of the political system as a supermarket for the authoritative allocation of values (to employ David Easton's old formulation made famous in *The Political System* (1953). Citizens become annoyances; consumers (or, worse, stakeholders) are their replacements as private goods replace public purposes. For its part, NPM amounts to "the supplanting of old political concerns by new ones." In the end, however, he concludes that an "attempt to managerialize political agendas" is futile; instead, "their unending search for more technically rational 'solutions' to managerial 'problems' prevents them from understanding, much less grappling with, the ambiguities, paradoxes, intractabilities and uncertainties of politics."

As said before, there is plenty of good reading in this book for the practitioners and the critics of NPM, provided that the latter are willing to conditionally suspend disbelief. Like NPM itself, however, it is fundamentally flawed. It entertains a vision of "leadership" that excludes followers from consideration, much less acknowledges that management and leadership are always matters of power, of inherent contradictions in organizational positions and, in some sense, are always rife with repression and resistance.

One last point: there is also a chapter on “Central Banking Reform Across the World,” which is imaginatively subtitled “Only By Night Are All Cats Grey.” These institutions have presided over what is perhaps melodramatically being called the greatest fiscal crisis since the Great Depression, which has lain bare the inadequacies, if not quite the seismic fault lines that betoken the potential collapse of the international financial markets. Money is being thrown by the billions of dollars in what is said to be the necessary bail-out of the banks. The alleged purpose is to restore liquidity and loosen up the credit market. Having created a disaster, the financial industry is deemed so important that huge public debt must be assumed in order to save them from themselves. In the process, some basic assumptions of NPM are being held up to ridicule and a few may be brought to an ignominious end.

At the outset, I outlined a simple sketch of the ideologies that governed Western political economies for the past half-century. NPM was born in neo-liberalism and flourished under it. It is not yet clear that these beliefs are in serious danger of extinction, just as it is unclear that any major change of global economic arrangements are being seriously contemplated, much less implemented. A new Bretton Woods may be desperately needed, but the authorities are quiet on the matter ... perhaps out of confusion, perhaps out of embarrassment, perhaps on the advice of their legal counsel. In any case, the shake-up in the market and the necessary re-thinking of the assumptions of NPM are apt to give Tom Christensen and Per Lægveid an opportunity for a third volume in the series, perhaps sooner than they might have liked.

### **About the Author**

**Howard A. Doughty** teaches in the Faculty of Applied Arts and Health Science at Seneca College, Toronto, Canada.