

Continuity and Discontinuity in the New Public Management

David H. Rosenbloom
Distinguished Professor of Public Administration
School of Public Affairs
The American University
Washington, D.C. 20016-8070
(202) 855-2361
rbloom@american.edu

and

Robert S. Kravchuk
Professor and Director
Masters Programs in Public Affairs
School of Public & Environmental Affairs
Indiana University
1315 East 10th Street
Bloomington, IN 47405-1701
(812) 855-2840
kravchuk@indiana.edu

© 2014 David H. Rosenbloom and Robert S. Kravchuk. Please do not quote, cite, or reproduce without written permission of the authors. Thank you.

INTRODUCTION

The New Public Management (NPM) reforms of the 1990s may be situated squarely within the three-pronged historical development of administrative theory in the United States. Embodying fairly distinctive managerial, political, and legal approaches to public administration, each “strand” of administrative theory has a well-established intellectual provenance, extensive literary traditions, and conceptual framework of its own (Rosenbloom, 1983; Morgan 1990; Kravchuk, 1989, 1992). Rather than the ‘revolutionary’ reforms that they are reputed to be, NPM reforms reflect a shift in emphasis within a fairly well circumscribed framework, one that is fraught with the tensions which are rooted deep within the structure of American liberal-democratic thought, and which are manifested in the institutional competition between the three branches of government for influence over the administrative apparatus of the state.

There has apparently emerged at this time in our political history a broad consensus that managerial values and practices should assume a higher priority in the operations of governmental programs and agencies. The American political discourse has been dominated for quite some time by calls for government to be “run more like a business.” Reflecting the view that governmental programs and agencies are inherently wasteful and inefficient, there is widespread belief – not without foundation – that it is possible for programs and agencies to provide higher service levels, at greater quality and lower cost. Further, the belief has set in that promotion of the managerial values which under gird the NPM reforms (i.e., efficiency, economy, effectiveness) is consistent with the maintenance of American democratic values. The implicit rationale is that both

greater efficiency and effectiveness, as well as greater responsiveness and accountability may be had by implementing fundamental management reforms.

Though reforms have been underway at all levels of government for at least a decade, the federal reforms, especially, are viewed by many as a veritable 'revolution' in governmental management (Kettl, 1997, 2000). In some sense, the predominant features of NPM reforms appear as discontinuous with the American administrative past. Indeed, the lynchpin of federal reform, the Government Performance and Results Act of 1993, mandates – for the first time – a comprehensive strategic management process (Schack and Kravchuk, 1996, 2000; Radin, 1998). Hence, recent administrative reforms differ from traditional managerial reforms in their effort to achieve clear, outcome-oriented goals. The efficient generation of outputs and strict procedural compliance which were central to traditional public management are not highly valued in the NPM model. Instead of outputs and procedures, it emphasizes customer satisfaction and entrepreneurship. Ideally, the NPM would deregulate much of the public service, thereby freeing it from myriad reporting requirements and procedural constraints. It would legitimate public administration through accountability for performance, rather than smooth administration of the bureaucratic process. In keeping with the National Performance Review's (NPR's) call for a government that "works better and costs less," performance will be judged in terms of the central value of cost-effectiveness.

Like traditional management, the NPM often views the non-mission based values of the political and legal approaches to public administration largely as impediments to, rather than necessary ingredients of, public administrative performance. Traditional public management never embraced representativeness, public participation, and

transparency. Likewise, the NPM has a problem with such practices as freedom of information rules and procedural due process, which are tangential to its definition of appropriate, results-oriented public administration. Consequently, the problem it faces in the American context is not fundamentally different from the one that hastened the traditional approach's demise. The political and legal approaches require that public administration comport with their visions of democratic-constitutionalism. Moreover, the statutory framework for federal and much state and local public administration in the U.S. promotes these visions. Federal public management is informed by such key statutes as the Administrative Procedure Act (1946), Freedom of Information Act (1966), Federal Advisory Committee Act (1972), Privacy Act (1974), Government in the Sunshine Act (1976), Regulatory Flexibility Act (1980), Paperwork Reduction Acts (1980, 1986, 1995), and the Small Business Regulatory Enforcement Fairness Act (1996), which includes a process for congressional disapproval of agency rules in a section frequently called the Congressional Review Act. If NPM deregulation of the public service requires repealing or replacing these statutes, it obviously will not occur soon.

ESSENTIAL CHARACTERISTICS OF NPM AND 'REINVENTING'

Like the traditional managerial approach to public administration, the NPM is oriented towards improving public sector performance. Its main premise is that traditional bureaucratic administration is intellectually bankrupt, inept, and wasteful; consequently, the public has lost faith in its government. The success of radical reforms in New Zealand, Australia, and the United Kingdom provided inspiration for American reform efforts. The basic premises of the NPM are that:

- (1) Public administration should emphasize results, rather than procedures;
- (2) Privatization, contracting-out, internal competition, and more extensive use of market incentives is desirable;
- (3) Public administration should view citizens as “customers” to whom government agencies ought to be responsive;
- (4) Government ought to ensure that public goods and services are provided, rather than produce those goods, or provide the services itself;
- (5) Central bureaucratic control and monitoring of government operations is inappropriate to results-oriented public administration, and is to be replaced by competition, customer service incentives, and direct accountability to customers;
- (6) Front-line employees should be empowered to exercise creativity and innovation in the pursuit of more effective service to customers;
- (7) The administrative culture should be more flexible, innovative, results-oriented, entrepreneurial, and therefore, responsive.

The essential elements of the NPM reforms are listed in Table 1.

[Table 1 About Here.]

At the federal level, the NPM was promoted by former Vice President Al Gore’s National Performance Review (NPR). The NPR advocated: putting customers first; promoting competition among service organizations; putting market mechanisms to work at the service of the public; empowering employees to get results; decentralization of decision making; and streamlining the budget process, personnel management, and procurement. Interestingly, the NPR appears to embrace the traditional, but long since discredited, dichotomy between politics and administration. The “NPR ethic,” if there is one, is that public administration can be made more businesslike and effective only to the extent that it is made less political.

The rubric of NPM has become dominant in the bureaucracy, where terms such as “customer-focused,” “results-oriented,” “empowerment,” and “thinking out of the box” are commonplace. The NPM, it seems, has captured mainstream thinking about public administration. It has certain features, however, that connect it, and define its relations

with the three traditional approaches to American public administration theory. In terms of preferred organizational structures, the NPM emphasizes decentralization, rather than hierarchy; empowerment, rather than command-and-control. In its view of the citizen as a customer, the NPM permits – even encourages – “shopping around” among alternatives. That requires a degree of competition that has been largely absent from government service provision. As such, market provision of goods and services is to be promoted to a profound extent. Markets are generally viewed as superior to public organizations in satisfying customer demand, controlling costs, and developing new products and service delivery methods.

The essential characteristics of NPM reforms thus embrace basic features of modern business management practices, applied to government. Its supporters claim that the NPM is a radical departure from the American administrative past. However, placing the NPM in the context of the three-fold development of American public administrative theory reveals that – despite its genuine achievements – the NPM is limited by the liberal public philosophy of the American constitutional order, which constrains all efforts to reform the administrative state.

PUBLIC ADMINISTRATION THEORY DEVELOPMENT

Earlier work by Rosenbloom and Kravchuk traced conceptual development of public administrative theory to the constitutional separation of powers (Rosenbloom, 1983, 1998; Kravchuk, 1989, 1992). Public administrative theory development in the post-World War II era has proceeded along three lines, each associated with one of the three branches of government. Thus, it is possible to discern a “managerial approach” to

public administration, a “political approach,” and a “legal approach.” Each is linked to the executive, Congress and the courts, respectively. Others, too, have also noted the essential links between administrative theory and the separation of powers (Morgan, 1990; Edley, 1990).

Rosenbloom and Kravchuk argued that a coherent theory of public administration is not possible within the separation of powers regime because the separate development of the three strands of public administrative theory will not permit a meaningful combination; widely cherished political values would find offense in the synthesis. Hence: the “love/hate” relationship that Americans have with their public bureaucracies; the conflict of values within the administrative state arises precisely because bureaucratic means and democratic ends cannot always be cleanly sorted out. Bureaucracy and democracy are, in John Rohr’s terms, steeped in “primordial controversy” (Rohr, 1986). Rohr’s characterization of the problem speaks to the intractability of fixing a comfortable place for the bureaucracy within the American constitutional system. But it does not and cannot account for it in any definitive way.

To do so, and to properly situate the NPM reforms of the 1990s, we must explore certain features of public administrative theory which have been shaped by the tensions inherent in the “deep structure” of American liberal democratic thought. We can locate the roots of the “bureaucracy problem” in the American regime itself, which contains conceptual barriers to development of theory of democratic administration (an objective that has proved elusive since the downfall of orthodox administrative theory in the 1940s). American liberalism imparts to administrative theory development certain centrifugal tendencies which do not permit a coherent synthesis of democratic and

bureaucratic values. This has frustrated previous attempts at comprehensive reform, and it will continue to do so. It defines limits to the NPM reforms of the 1990s – without necessarily negating them. We argue therefore that a nuanced view of NPM will reveal that, despite its notable successes, there are limits to the extent to which such reforms may be carried out.

The managerial, political, and legal approaches to public administration theory development embrace fairly distinctive sets of dominant values, structural arrangements, preferred means, decision-making processes, cognitive approaches, and views of the citizen. Each approach has a respected intellectual heritage of its own, which have become increasingly distinctive in the last fifty years, as the field has searched to replace the orthodoxy. The primary influence on public administration of these separate lines of development has been largely to pull it in separate directions. The major characteristics of the three dominant approaches, together with the essential features of NPM, are provided in Table 2. In our view, though NPM stands at a kind of midpoint between the managerial and political approaches to administrative theory, it represents the most recent attempt at development of theory of democratic administration, and is therefore subject to the limitations imposed by the conceptual equipment supplied by liberalism.

[Table 2 About Here.]

Efforts to synthesize the three strands of administrative thought have been frustrated by linkages which each has with the separation of powers doctrine. That doctrine is fundamentally inhospitable to large amounts of administrative discretion. By collapsing the powers of the three branches of government into the administrative agencies of the executive branch, the inertial qualities (i.e., bias towards inaction) that

characterizes the separation of powers regime can be reduced. But governmental structures premised on a clear separation of powers are not well-suited to coordinated governmental activity in the many spheres of social and economic life in which the modern administrative state operates. Public administration has therefore come to embrace powers which are not entirely within the countenance of either of the three sets of values that animate the branches of government with which they are associated. The fundamental values of the three branches largely deny the values of the other two branches. The separation of powers therefore manifests itself as a “separation of administrative theories.”

The administrative reality thus conflicts with the constitutional ideal. Consequently, the field of public administration has come to be viewed by observers as, at best, “plagued by a weak or absent theoretical core” (Waldo, 1968); at worst, it suffers a nearly insurmountable “intellectual crisis” (Ostrom, 1968). Unfortunately, this has left the corps of practicing administrators without much definitive guidance in meeting the daily challenge of reconciling the conflicts in values, procedures, and structures that arise all too frequently. The NPM reforms – to the extent that they lie along a continuum stretching between the managerial and political approaches – will also be subject to the limitations imposed by the overall structure of administrative thought. We now turn to the roots of the tensions within American administrative theory.

LIBERALISM AND TENSIONS WITHIN ADMINISTRATIVE THEORY

The separation of powers is a powerful motif for understanding the centrifugal tendencies within modern American public administrative thought. Upon closer

examination, these tensions are traceable to the more basic tensions that characterize the “deep structure” of American liberal thought. Benjamin Barber explored the structure of liberalism in a way that helps to illuminate the present discussion (Barber, 1984). He argues that liberal politics combines aspects of three dominant dispositions, or personalities, which he terms: the “anarchist,” “realist,” and “minimalist” dispositions. Each of the three dispositions is seen as a particular response to conflict in society. Liberalism views society as fundamentally conflict-ridden, where opposing interests compete for dominance. Conflict is the basic condition of social life; amelioration of conflict is the goal of liberal politics. But each disposition embraces a somewhat different approach.

Anarchism. “Anarchism” views conflict as unnatural, a result of politics, rather than a condition to be remedied by politics. Anarchism is therefore the “anti-politics” of liberalism, insofar as it is inherently hostile to political power, “which because it is more ‘legitimate,’ is less resistible.” The anarchist disposition gives rise to the politics of reason and rights. Dominated by a kind of empiricist sensibility, the anarchist relies upon historical analysis to reach the judgment that those states most hospitable to individual rights are small non-intrusive states. State power, precisely because it is fundamentally hostile to human freedom, is therefore to be opposed. Hence: political attitudes favoring limited government (better still, no government) derive from the anarchist strand in American liberalism.

Realism. At the other extreme, in a sense, is “realism,” the *realpolitik* of liberalism. Conflict is viewed as one of the defining features of organized civil life. According to realism, conflict is dealt with through repression and channeling, largely through the

judicious exercise of power. For the realist, “it is the use of power in the pursuit of private interests [and liberties] that alone justifies government” (Barber, 1984, 11). This gives rise to the politics of power and science. Political institutions are necessary to constrain the passions and domesticate conflict, thereby transforming conflict into an orderly competition between groups. Realists generally are concerned with using power to enforce rights. This places the realist in opposition to the anarchist, who sees the realist concentration of state power as a dangerous threat to the preservation of liberty. The sovereign state, even as it accumulates power to protect rights, accumulates power sufficient in magnitude to threaten those very rights. Hence, the tension between liberty and power – essentially between ends and means – appears to be preordained in liberalism. The realist also stands in opposition to the third disposition, that of the “minimalist.” The realist’s scientific approach to the alignment of power relations via institutions is based on a belief in the discoverability of certainty that the minimalist would deny is even possible.

Minimalism. The “minimalist” disposition of liberalism is born of the dilemma posed by the problem of linking the anarchist and realist dispositions. The issue is to moderate and control the realist’s sovereign power, so that the society may overcome human ambitions (i.e., the endless lust for dominion) without recourse to anarchy. The minimalist thus sees conflict in society as arising within the liberal political tradition itself. This can neither be denied by the anarchist, nor effectively suppressed or restrained by the realist’s exercise of power. Rather, for the minimalist, differences between individuals and groups are to be tolerated lest they give rise to conflict. This gives rise to the politics of doubt and tolerance, informed by an honest degree of skeptical fallibilism – the recognition that no

one person or group can have all of the answers to the persistent questions of organized social life. The minimalist thus seeks to create and shape institutions, customs, and attitudes so as to permit society to endure conflict and dissensus. Concentrations of power – either in the state, or in the hands of the people – are both viewed a dangerous, but especially power in the hands of the people, where power exists in its most authoritative form.

Although the framework of liberalism is fraught through and through with tension, the three dominant dispositions tend to be mutually supporting, and logically necessary to one another. For,

Minimalism has sought consistently to reduce the friction that occurs when individual freedom and statist power, when the anarchist and realist dispositions, touch. It calls forth a vision of civil society as an intermediate form of association that ties individuals together noncoercively and that mediates the harsh power relation between atomized individuals and a monolithic government. (Barber, 1984, 17)

Bureaucracy and Democracy in the Liberal State. Democracy and bureaucracy can be seen as rooted in the marriage and interplay of the three dominant dispositions of liberalism. Specifically, the combination of the anarchist and minimalist dispositions results in a politics that simultaneously values individualism and natural rights, but also tolerance of divergent views, the plurality of interests, and noninterference with the liberties of individuals. In this form of liberal democratic politics, reason and doubt combine in a politics which, while respectful of rights, is nevertheless skeptical of the ability of the state to wield power justly. Limited, responsible government is therefore a guiding norm of the democrat; power must be diluted in order that it be controlled. The democratic values of representation, responsiveness, and accountability predominate.

Modern Americans would recognize this as liberal democracy at its best. Figure 1 details the effects of combining dispositions of liberalism giving rise to democratic politics.

[Figure 1 About Here.]

But liberalism also permits development of another, more hierarchical and authoritarian form of social organization; that is, the bureaucratic state. The combination of the anarchist and realist dispositions results in a politics that values, not only individual rights and liberties, but which also the judicious exercise of power to protect individuals, and society-at-large. Rather than limit state power, which the realist does not fear in any case, she would employ power actively in pursuit of public purposes. Power in the service of liberty combines reason and science to produce a politics that secures rights through the exercise of power. Positive, active government is the telos of this brand of liberal politics; the state apparatus is its vehicle. Instrumental reason is the guiding norm, which promotes the fulfillment of the dominant values of managerialism: efficiency, economy, and effectiveness. (Again, see Figure 1.)

Implications. Three important implications emerge from this understanding of the framework of American liberal democratic thought. First, the conflict between democracy and bureaucracy is inherent in the liberal tradition, which contains within it features that are hospitable to both. Second, both democracy and bureaucracy are forms of liberal politics. Third, the democracy-bureaucracy conflict results from conflicting imperatives arising from the tension between the minimalist component of democratic politics, and the realist component of bureaucratic politics. Minimalism strives to limit governmental power and action, even as realism seeks to expand and employ it. In liberalism, then, there is a basically un-resolvable tension between the notion of a

minimal state, which seeks to prevent expansion of state power, so that it will not be abused; and that of a powerful state, which seeks expanded powers precisely to secure the proper ends of government. The two appear to be hopelessly opposed; yet, both may be justified on grounds of liberal principles. Indeed, liberalism would be largely inconceivable without them.

[Figure 2 About Here.]

PUBLIC ADMINISTRATIVE THEORY AND LIBERALISM

The framework developed here may be used to good advantage in accounting for the enduring quality of the tensions observed between the three approaches to public administrative theory, and the place of the NPM reforms within the framework. This will also permit identification of the limits to the NPM reforms, without minimizing their genuine accomplishments. The three approaches to public administrative theory have direct linkages to the characteristic modes of liberal politics. (See Figure 3.) On this view, the tensions which exist between these approaches are reflections of the deeper tensions that exist between the minimalist and realist components of liberalism.

[Figure 3 About Here.]

The managerial approach to public administrative theory is linked directly to liberal bureaucratic politics. In its predilection for instrumentally-rational behavior, it embraces a Weberian model of action, where hierarchical authority is the preferred organizing principle. The managerial approach (See again Table 2) supplies the dominant features of bureaucratic politics in addressing the practical problems of governance. In contrast, the political approach embodies a largely Madisonian model of action,

embracing norms of consensus-building and compromise as its dominant means. The political approach would apply the dominant values of pluralist democracy in ordering the concrete activities of public administrators in the day-to-day business of governance.

The legal approach has evolved mainly out of efforts to mediate and defuse the inevitable tensions which arise from within the liberal regime itself; that is, in response to conflicts between the managerial and political approaches. In the framework of Figure 3, the courts serve to sustain a degree of necessary balance within the system of liberal governance, seeking specific points of accommodation, or elevating to momentary priority one or the other of the specific values which may be in conflict in particular cases. To this end, a confrontational model of action is employed, in order that the full implications of the two other approaches may be discerned. The legal approach thus provides the main elements of justice in the system – procedurally and substantively – in mediating conflicts between democratic promise and administrative reality.

To a great extent, the role of the legal approach is fairly unique in the framework. In its search for and affirmation of precedent to restore or supply balance in the liberal state, the legal approach is often brought into conflict directly with the other two approaches (Edley, 1990; Rosenbloom; Rosenbloom and O’Leary, 1998; Rosenbloom, Carroll & Carroll, 2000). Court rulings often conflict with the political approach’s emphasis on democratic consensus; their substantive content often offends the managerial approach’s emphasis on efficiency. The three may be (but more frequently are not necessarily) at odds with one another. The potential for conflict is ever-present, however. And that is precisely the point.

It should be clear that the primary force within the framework is centrifugal: the three approaches pull in separate directions. But there are also forces present acting to hold the theoretical edifice of liberalism together. As mentioned, the courts play a key role in this task. But in the day-to-day routine administration of government, it is primarily the shared “anarchist” component of liberalism that bureaucracy and democracy share between them. That is, the core objectives of defending individual rights and liberties are precisely the same. This lends a degree of coherence, but one that is subject to breakdown in specific instances. For realism and minimalism differ markedly in their preferred means for achieving their mutual ends.

Public administrative theory is therefore confronted with problems at its roots. The field of public administration is today lacking a unified core precisely because no such unity is permitted within the deep structure of liberal thought. Liberalism denies to public administration the means to integrate the diverse strands of contemporary administrative theory. The “identity crisis” of public administration therefore derives largely from the generally schizophrenic character of liberalism itself. As such, the field inherited from its liberal parent the intellectual baggage of a “split personality.”

CONTINUITY AND DISCONTINUITY IN THE NEW PUBLIC MANAGEMENT

The New Public Management and “reinventing government” reforms cannot overcome the limits imposed by liberal democratic theory, within which the U.S. constitutional regime is embedded. For all its freshness, and despite its obvious achievements, the NPM is situated in the framework of Figure 3 along a continuum running between the anarchist and realist “nodes,” but closer to realism. That makes

sense in light of the NPM's much-observed priority of "technique over purpose," as well as its silence on matters of democratic accountability (Wilson, 1994; Nathan, 1995; Frederickson, 1994, 1996; Kaufman, 1996). So the basic problem of theory of administrative reform remains: how to choose between competing visions (versions, really) of the role of public administration within the constitutional framework. On this basis, NPM is not discontinuous with the American administrative past, but involves a set of issues which have appeared many times in the history of attempts to strike a proper balance between competing sets of values vis-à-vis the bureaucracy. This, and similar reforms have had a long history (Light, 1997; Rosenbloom, 2000).

A particularly perplexing issue for the long-run staying-power of the NPM is likely to be the tendency of NPM to view governance as an analog of the market (albeit a weak one). There is a presumption in the NPM literature that governmental action is firm-like in all important respects; citizens are customers who are in the best position to know what they want. But governance is not merely an aggregation of so many individual exchange transactions. Indeed, it is in the nature of government that its transactions with citizens are largely of a non-exchange character: the parties to the transaction cannot expect to receive equal value in exchange with the other. Under such circumstances, markets cannot be expected to supply optimal amounts of the desired goods and services. The problems of collective action, "free-riding," and moral hazard loom large (Olson, 1965; Hardin, 1982). That is precisely what makes collective action through governments necessary in the first place. It reflects the need for – indeed, the desirability of – a sovereign power capable of exerting its will over individuals for the benefit of the entire community.

The fundamental issue for the exercise of administrative discretion remains pertinent for NPM and the “reinventing” reforms, namely: accountability. In the effort to secure more of both efficiency and responsiveness (albeit a “customer-defined” accountability, rather than the more familiar democratic accountability), beyond a certain point, the NPM reforms must surely encounter diminishing returns; even breakdowns. Such breakdowns can take many forms. For instance, private operation of state correctional facilities cannot guarantee that inmates will not be mistreated; and private delivery of social services via not-for-profit entities will not ensure that costs are controlled or clients’ rights are respected; nor will contracting out necessarily reduce the state’s responsibility for the actions of the contractors, when, for instance, the “state action” doctrine comes into play (Rosenbloom, 1997). There are limits to the amount of discretion that liberal democratic societies are willing to grant to bureaucracies purely for the sake of efficiency.

THE MARKET-SEEKING FEATURES OF NPM

Despite its being situated in the three-pronged development of American administrative thought, an important discontinuity may be discerned, however. This is in NPM’s moving away from the traditional managerial approach towards decentralized, market-based, customer-driven, employee-empowered methods. This is – at one and the same time – a moving away from the model of bureaucratic politics, and a movement towards a more “free market” economics model. But that is one of several models consistent with liberal democratic theory. As we argue below, the liberal democratic impulse may produce three broad varieties of market economics: (1) a “free market”

variety, based on the neoclassical paradigm and its successors; (2) a somewhat monopolistic variety, based on tenets of modern “managerial capitalism;” and, (3) a “regulatory” variety, which serves to mediate conflicts which inevitably emerge between the other two, and which attempts to overcome certain aspects of market failure to which managerial capitalism represents an adaptation, and which it seeks to take advantage of.

Analysis of the roots of modern western market economics in the deep structure of liberal thought may prove to be illuminating. On this view, the three principal varieties of liberal economics are logically supported by and are, in fact, outgrowths of the three dominant dispositions of liberalism. (See Figure 4.) Specifically, “free market economics” results from the marriage and interplay of the anarchist and minimalist dispositions. Individuals are free to pursue their material interests in the market economy, uninhibited from interference by the state, or from others. No single economic actor is able to influence significantly the market price through manipulation of supply or demand. This is precisely the economics of laissez-faire entrepreneurship, Schumpeterian “creative destruction,” and innovative change. Based on the neoclassical model of perfect competition, the primary thrust is competitive.

[Figure 4 About Here.]

The combination of the anarchist and realist dispositions, on the other hand, results in a second variety of liberal market economics, which may be termed “managerial economics.” This is the economics of market power, where firms seek to reduce the potentially destructive aspects of competition via the orderly administration of markets (Robinson, 1933; Chamberlin, 1933; Dean, 1951; Chandler, 1977, 1990; Porter, 1980, 1985). On this view, the optimal economic organization is domination of industrial

sectors by monopolistically-competitive enterprises, perhaps in a multi-tiered structure (depending upon conditions of supply and demand, technology, and sources of competitive advantage). This is the economics of big business, strategic planning, and market dominance. Based on models derived from modern industrial organization theory, the primary thrust is anti-competitive.

Obviously, these two varieties of liberal economics conflict with one another: the market imperfections and obvious welfare loss of the “managerial variety” are the antithesis of the model of perfect competition which serves as the benchmark of the “free market variety.” In the evolution of modern western economic theory and practice, this conflict has been worked out (albeit imperfectly) within the context of liberal theory, via evolution of a third variety of market economics that seeks to adjudicate selectively the conflicts which may erupt between them. Based on principles of modern welfare economics, liberal “regulatory economics” enables selective governmental intervention in the market economy in order to overcome market discrepancies, externalities, and the welfare loss of managerial capitalism. The purpose of regulatory economics is precisely to tame the excesses of managerial capitalism, as perceived from the standpoint of the free market model (Pigou, 1920; Kahn, 1988).

NPM reforms seek, whenever and wherever possible, a decentralized, internal or external market-based solution to bureaucratic inertia, stagnation, and lethargy. There is a presumption that competition will breathe new life into stagnant bureaucracies, and that those that “can’t compete,” should (and will) die. But this aspect of NPM reforms moves away from the managerial economics model, which lies along the continuum between anarchism and realism, towards the free market model, which lies between anarchism and

minimalism. This makes sense to the reformers, who view the firm-like character of the government they seek to create as expanding the realm of choice for “citizens-qua-customers.” Fewer choices works in favor of the convenience of bureaucrats; greater choice to the advantage of the citizen-customers.

However, the NPM reforms in the economics realm tend to move in a direction opposite to that on the management front. For the decentralized, competitive reforms that the NPM embraces tend towards the minimalist “node” of the basic framework of liberalism (Figure 3), while the managerial techniques they advocate tend towards the realist node. That portends a potential conflict of purpose between the NPM reforms of an economic character, and those of a more administrative character. It implies that – to one degree or another – there must be constraints on the array of choices that are afforded to citizen-customers. As a practical matter, decentralized operations need to be coordinated in order to reduce the costs of overlap, duplication, and activities that work at cross-purposes. The amount of coordination that is necessary, the form it takes, and the mechanisms for ensuring compliance must certainly contradict the basic purposes of decentralization to some degree. Perhaps to a great extent. Consequently (again, without minimizing the potential benefits of more market-like competition in government), there are limits to the full implementation of market reforms under the banner of NPM, which are imposed precisely by the structure of American liberal democratic regime itself.

CONCLUSION: “OPERATING WITHIN THE FRAMEWORK”

We live in an age of discontinuities, and it has become commonplace to focus on that which changes in noticeable ways, as opposed to what does not (Drucker, 1969,

1973). Americans, it seems (scholars included), are enthralled by change. Aspects of the NPM and “reinventing” reforms which are discontinuous with the American administrative past are more clearly visible than those that are continuous, so that scholarly attention has tended to focus there. The accomplishments of the NPM – through such vehicles as the NPR and GPRA – are chronicled elsewhere (See, for instance, National Performance Review, 1993, 1994, 1995; GAO, 1999; Kettl, 1997, 2000; among others). The foregoing discussion suggests the presence of limits on any broad-based reform – including the NPM reforms – by situating them squarely within the framework of the three-pronged development of administrative thought in the United States, itself a manifestation of the grip that liberalism holds on the American political discourse.

To the extent that NPM operates within the established framework of administrative theory, it will fall prey to certain pathologies that have plagued previous reform efforts (particularly, the NPM’s rather casual attitude towards the exercise of administrative discretion, especially by lower-level functionaries, and its apparent hostility towards administrative process and procedure). An admittedly less sophisticated attempt to establish an ethic of discretionary judgment, the “New Public Administration,” was thoroughly discredited in the early 1970s precisely because it ventured too far from the legal foundations of public administration. Reductions in unnecessary and redundant administrative procedures and controls of the sort advocated by the NPM generally are desirable. But it should be emphasized from time-to-time that such processes and procedures exist to ensure a degree of public accountability of the variety that NPM largely regards as repugnant.

The history of America's experiment with the NPM is unfolding, and will continue to do so for some time to come. It has become a permanent part of the administrative landscape, and we do not minimize its genuine achievements. However, we would point out that NPM is not entirely discontinuous with the American administrative past, but represents a further "working through" of the place of the public bureaucracy in the American constitutional regime. As such, care should be taken not to exaggerate its "revolutionary" character.

References

- Barber, Benjamin (1984). Strong Democracy. Berkeley: University of California Press.
- Chamberlin, E. H. The Theory of Monopolistic Competition. Cambridge, MA: Harvard University Press.
- Chandler, Alfred D., Jr. (1977). The Visible Hand: The Managerial Revolution in American Business. Cambridge, MA: The Belknap Press of Harvard University Press.
- Chandler, Alfred D., Jr. (1990). Scale and Scope: The Dynamics of Industrial Capitalism. Cambridge, MA: The Belknap Press of Harvard University Press.
- Dean, Joel (1951). Managerial Economics. Englewood Cliffs, New Jersey: Prentice-Hall.
- Drucker, Peter F. (1969). The Age of Discontinuity. New York: Harper & Row.
- Drucker, Peter F. (1973). Technology, Management & Society. New York: Harper & Row.
- Drucker, Peter F. (1995). "Really Reinventing Government," Atlantic Monthly (February), pp. 50, 52.
- Edley, Christopher F., Jr. (1990). Administrative Law. New Haven: Yale University Press.
- Frederickson, H. George (1994). "Total Quality Politics: TOP." Spectrum: The Journal of State Government 67 (Spring), pp.13-15.
- Frederickson, H. George (1996). "Comparing the Reinventing Government Movement with the New Public Administration." Public Administration Review 56 (May/June), pp. 271-280.
- Hardin, Russell (1982). Collective Action. Baltimore: The Johns Hopkins University Press.
- Kahn, Alfred E. (1988). The Economics of Regulation. Cambridge, MA: The MIT Press.
- Kaufman, Herbert (1996). "Music of the Squares: A Lifetime of Study of Public Administration." Public Administration Review 56 (March/April), pp. 127-138.
- Kettl, Donald F. (1997). "The Global Revolution in Public Management: Driving Themes, Missing Links," Journal of Policy Analysis and Management 16 (Summer), pp. 446-62.

- Kettl, Donald F. (2000). The Global Public Management Revolution: A Report on the Transformation of Governance. Washington, D.C.: The Brookings Institution Press.
- Kravchuk, Robert S. (1989). "Liberalism and the Administrative State: The Phenomenology of Governmental Legitimation in Everyday Life." Unpublished doctoral dissertation, Department of Political Science, Syracuse University.
- Kravchuk, Robert S. (1992). "Liberalism and the Administrative State," Public Administration Review (July/August), pp. 374-379.
- Light, Paul C. (1997). The Tides of Reform, 1945-1995. New Haven: Yale University Press.
- Marini, Frank, ed. (1971). Toward a New Public Administration: The Minnowbrook Perspective. Scranton, PA: Chandler Publishing Company.
- Martin, Roscoe C. (1965). Public Administration and Democracy. Syracuse, New York: Syracuse University Press.
- Moe, Ronald C. (1994). "The 'Reinventing Government' Exercise: Misinterpreting the Problem, Misjudging the Consequences," Public Administration Review 54 (March/April), pp. 125-36.
- Moe, Ronald, and Robert S. Gilmour (1995). "Rediscovering Principles of Public Administration: The Neglected Foundation of Public Law." Public Administration Review 55 (March/April), pp. 135-146.
- Morgan, Douglas F. (1990). "Administrative Phronesis: Discretion and the Problem of Administrative Legitimacy in Our Constitutional System." Ch. 2 in Henry D. Kass and Bayard L. Catron (eds.) Images and Identities in Public Administration. Newbury Park, California: Sage Publications.
- Mosher, Frederick C. (1968). Democracy and the Public Service. New York: Oxford University Press.
- Nathan, Richard P. (1995). "Reinventing Government: What Does It Mean?" Public Administration Review 55 (March/ April), pp. 213-215.
- Olson, Mancur, Jr. (1965). The Logic of Collective Action. Cambridge, MA: Harvard University Press.
- Osborne, David, and Ted Gaebler (1992). Reinventing Government. (Reading, Massachusetts: Addison-Wesley).

- Ostrom, Vincent (1989). The Intellectual Crisis in American Public Administration, 2nd edition. Birmingham: The University of Alabama Press.
- Pigou, Albert C. (1920). The Economics of Welfare. London: Macmillan and Co.
- Pollitt, Christopher (1990). Managerialism and the Public Services: The Anglo-American Experience. Oxford: Basil Blackwell.
- Porter, Michael E. (1980). Competitive Strategy. New York: The Free Press.
- Porter, Michael E. (1985). Competitive Advantage. New York: The Free Press.
- Radin, Beryl A. (1998). "The Government Performance and Results Act (GPRA): Hydra-Headed Monster or Flexible Management Tool?" ,” Public Administration Review (July/August), pp. 307-316.
- Redford, Emmette C. (1969). Democracy in the Administrative State. New York: Oxford University Press.
- Robinson, Joan (1933). The Economics of Imperfect Competition. London: Macmillan.
- Rohr, John A. (1986). To Run a Constitution. Lawrence, Kansas: University of Kansas Press.
- Rosenbloom, David H. (1983). "Public Administrative Theory and the Separation of Powers," Public Administration Review 43, pp. 219-227.
- Rosenbloom, David H. (1997). "Constitutional Problems for the New Public Management in the United States." Paper presented at the Colloquium in Current Public Policy, School of Public Administration, Florida Atlantic University, Fort Lauderdale, Florida, November 17.
- Rosenbloom, David H. (2000). Building a Legislative-Centered Public Administration. Tuscaloosa, Alabama: The University of Alabama Press.
- Rosenbloom, David H., James D. Carroll, and Jonathon D. Carroll (2000). Constitutional Competence for Public Managers. Itasca, Illinois: F. E. Peacock Publishers, Inc.
- Rosenbloom, David H., and Robert S. Kravchuk (2001). Public Administration: Understanding Management, Politics, and Law in the Public Sector 5th ed. New York: McGraw-Hill.
- Schack, Ronald W., and Robert S. Kravchuk (2000). "Why (And How) the Government Performance and Results Act Will Become the Federal Management Process of the Future." Paper presented at the 2000 Annual Conference of the Association

- for Budgeting and Financial Management, Marriott Country Club Plaza Hotel, Kansas City, Missouri, October 4-7, 2000.
- Simon, Herbert A. (1952). "Development of Theory of Democratic Administration: Replies and Comments," American Political Science Review vol. 46, p. 494-496. [Note: See also Professor Waldo's rejoinder on pp. 500-503 in the same issue.]
- Spicer, Michael W. (1995). The Founders, the Constitution, and Public Administration: A Conflict in World Views. Washington, D.C.: Georgetown University Press.
- Stillman, Richard J. II (1991). Preface to Public Administration: A Search for Themes and Direction. New York: St. Martin's Press.
- Thompson, Victor A. (1975). Without Sympathy or Enthusiasm: The Problem of Administrative Compassion. University, Alabama: The University of Alabama Press.
- United States, General Accounting Office (1999). Management Reform: Elements of Successful Improvement Initiatives. GAO/T-GGD-00-26. Washington, D.C.: GAO, October 15.
- United States, National Performance Review (1993). From Red Tape to Results: Creating a Government That Works Better and Costs Less. Report of the National Performance Review. Washington, D.C.: U.S. Government Printing Office, September.
- United States, National Performance Review (1994). Creating a Government That Works Better and Costs Less. Status Report of the National Performance Review. Washington, D.C.: U.S. Government Printing Office, September.
- United States, National Performance Review (1995). Common Sense Government: Works Better and Costs Less. Third Report of the National Performance Review. Washington, D.C.: U.S. Government Printing Office, September.
- Waldo, Dwight (1952). "Development of Theory of Democratic Administration," American Political Science Review vol. 46, pp. 81-103.
- Waldo, Dwight (1975). "Education for Public Administration in the Seventies," in Frederick C. Mosher (ed.), American Public Administration: Past, Present, Future. University, Alabama: University of Alabama Press.

Table 1.

Essential Characteristics of New Public Management (NPM) Reforms

(1) Emphasis on Customer Service – Customer service is placed at the core of the NPM values set. Client satisfaction levels are surveyed, tracked and assessed on a fairly continuous basis, with an eye to improving service delivery over the long run. Customer comments and complaints are taken seriously, and acted upon to the extent that it is deemed necessary and prudent.

(2) Productivity Improvement – Major cost-cutting efforts are to be accompanied by significant workforce downsizing and streamlining of major governmental processes (such as procurement and regulatory processes). Such efforts are based on the notion that traditional governmental structures are inherently wasteful and inefficient. Embraces the belief that it is possible to provide higher government service levels at reduced cost.

(3) Privatization & Market Incentives – A general thrust of NPM is to replace traditional command-and-control bureaucracies with looser, more flexible, market-driven incentive systems that build into the organization a bias towards a customer-focused approach to continuous improvement. This is at odds with traditional authority structures, which are expected to fall away in favor of increasing privatization of public services, establishing new linkages and partnerships with external agencies, and fostering internal competition within and among public agencies.

(4) Decentralization and Empowerment – Public agencies are to be transformed from traditional bureaucratic structures into “performance-based organizations,” where operational decisions are made at the lowest level commensurate with the fulfillment of strategic goals and objectives, and where employees are permitted to take risks to improve service delivery without fear of punishment for failure. Includes all efforts at devolution of federal programs to lower level governments.

(5) Coordination of Cross-Cutting Efforts – Recognizes that reform efforts will be unable to eliminate all of the existing duplication and overlap that exists between and among governmental programs and agencies. Further, increasing internal and external competition is premised on some amount of duplication among government agencies. Coordination and consultation is therefore necessary to ensure that the public derives the benefits of such market and quasi-market competition, without undue amounts of duplication.

(6) Increased Accountability for Results – By placing service delivery decision-making authority nearer to the consumer of government services, NPM seeks to replace traditional top-down, rule-bound accountability mechanisms with closer direct customer supervision for the quality and quantity of services delivered.

Table 2

**Summary Characteristics of Modern Perspectives on
Public Administration and the “New Public Management”**

| Dominant Traits | Managerial Approach | “New Public Management” | Political Approach | Legal Approach |
|---|--|---|--|--|
| • Values Set | - Efficiency - Economy - Effectiveness | - Cost-Effectiveness; - Responsiveness to Customers; | - Representation; - Responsiveness; - Accountability | - Procedural Due Process; - Robust Substantive Rights; - Equal Protection; |
| • Structural Arrangements | - Ideal-typical Bureaucracy; | - Firm-like Arrangements; - Competitive; | - Organizational Pluralism; | - Structured Adjudication; |
| • Dominant Means | - Rational-Instrumental (Weberian) | - Consultative; - Inclusive of Major Stakeholders; | - Consensus-building; - Compromising; (Madisonian) | - Adversarial; (Confrontational) |
| • View of the Individual | - Impersonal; - Rationally Self-Interested; | - Customer; | - Member of an Interest Group(s); | - Member of a Legally- Cognizable Class of Persons; |
| • Cognitive Approach | - Rational-scientific; | - “Plan-Do-Check-Act”; - Cyclical; - Focused on “Continuous Improvement;” | - Public Discourse; - Seeking the “Public Mind;” - Opinion Polling; - Issues Debates; | - Inductive Case Analysis; - Deductive Legal Reasoning; - Moral Inquiry; - Argument and Rebuttal; |
| • Decision Process | - Rational-Comprehensive; | - Decentralized; - Optimization at Lower Levels; | - Incremental - “Muddling Through;” | - Precedent-based Incrementalism; |
| • Preferred Budgeting Approach | - Rational; - Based on Cost-Benefit Logic; | - Performance-based; - Market-driven; | - Incremental; - Consensus-based Distribution of Benefits and Burdens; | - Rights-Funding; |
| • Governmental Functioning is Characterized by: | - Execution; | - Execution; | - Legislation; | - Adjudication; |

Source: Adapted from David H. Rosenbloom, “Public Administrative Theory and the Separation of Powers,” Public Administration Review 43 (1983), pp. 219-227; David H. Rosenbloom and Robert S. Kravchuk, Public Administration: Understanding Management, Politics, and Law in the Public Sector 5th ed. (New York: McGraw-Hill, 2002), p. 21-8, 39; and Robert S. Kravchuk, “Liberalism and the Administrative State,” Public Administration Review (July/August 1992), pp. 374-379.

Figure 1

**Democratic and Bureaucratic Politics in Combinations of
The Three Dominant Dispositions of Liberalism**

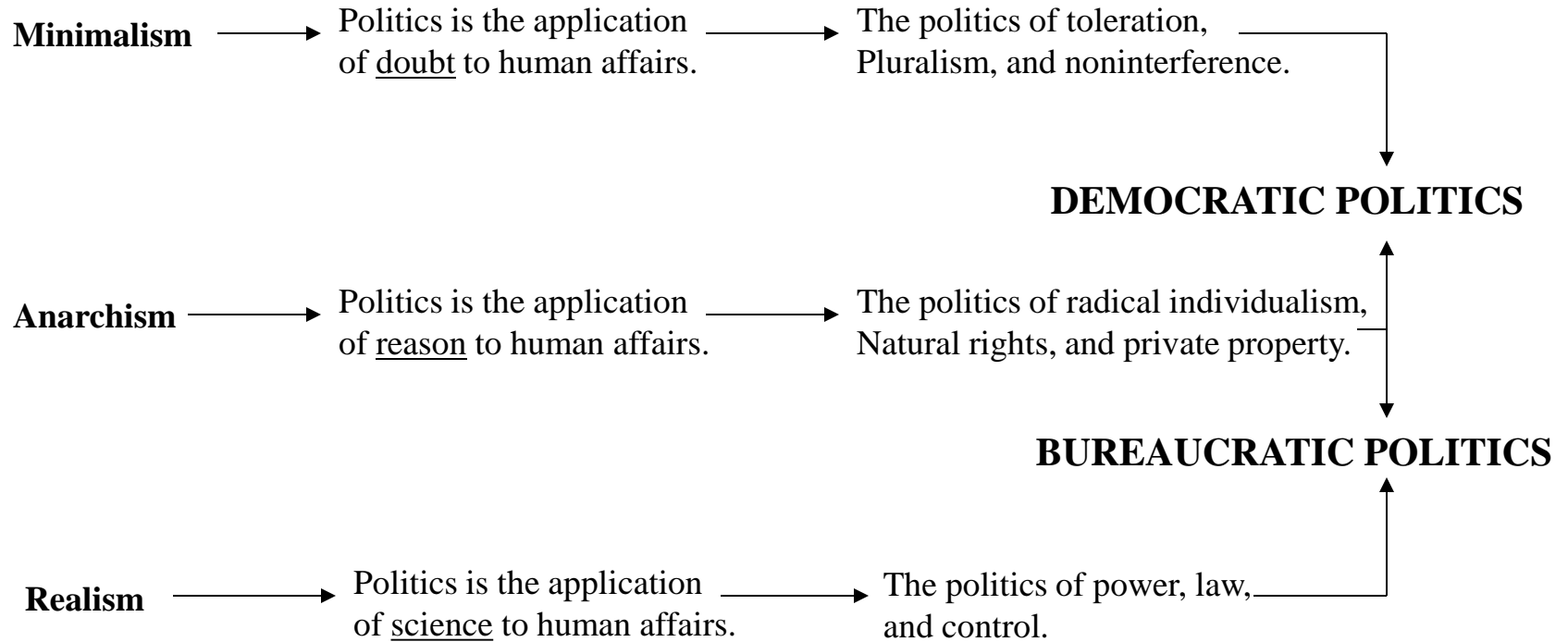


Figure 2
The Deep Structure of Liberalism:
Interplay Between the Three Dominant Dispositions

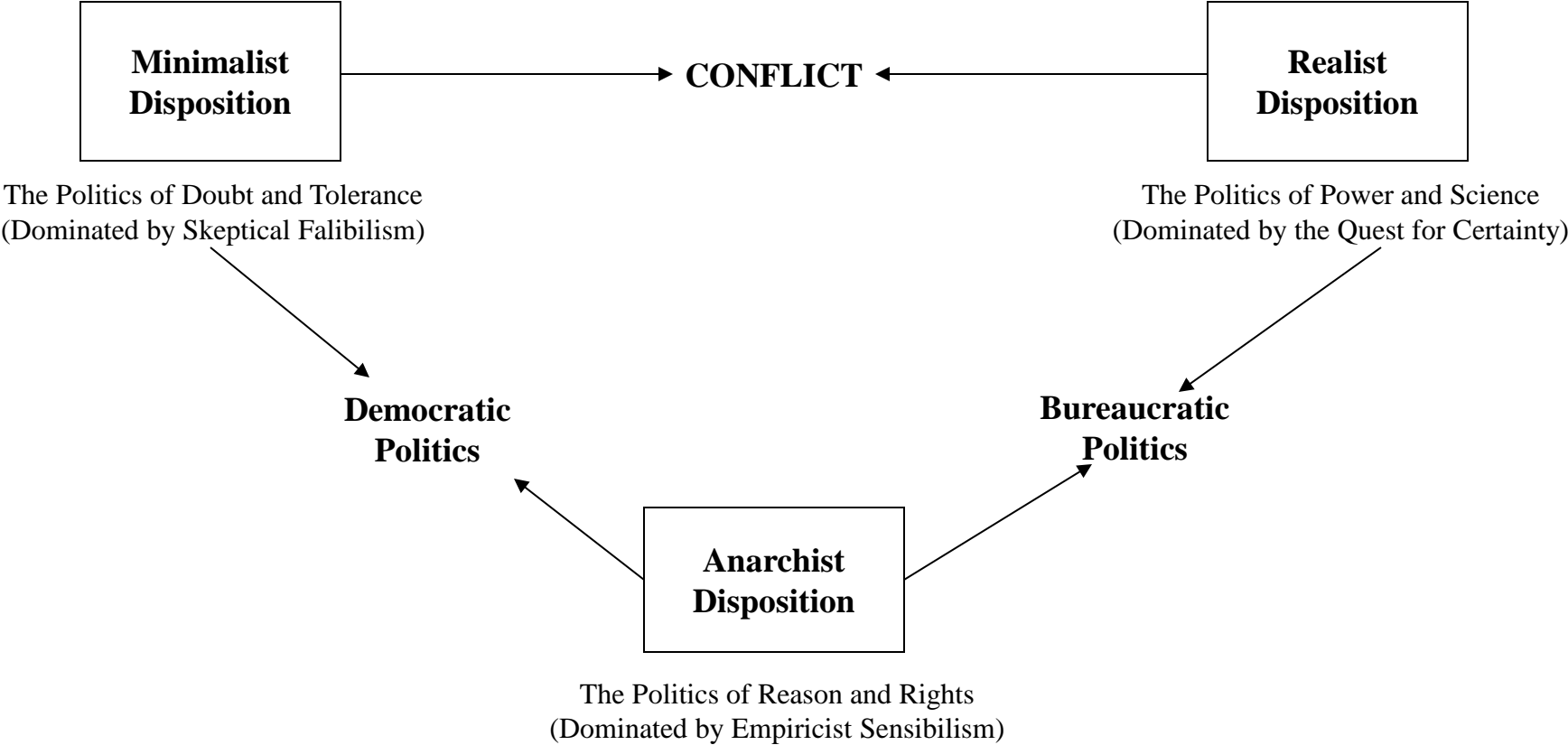


Figure 3
Dominant Approaches to Public Administrative Theory
In the Deep Structure of Liberal Thought

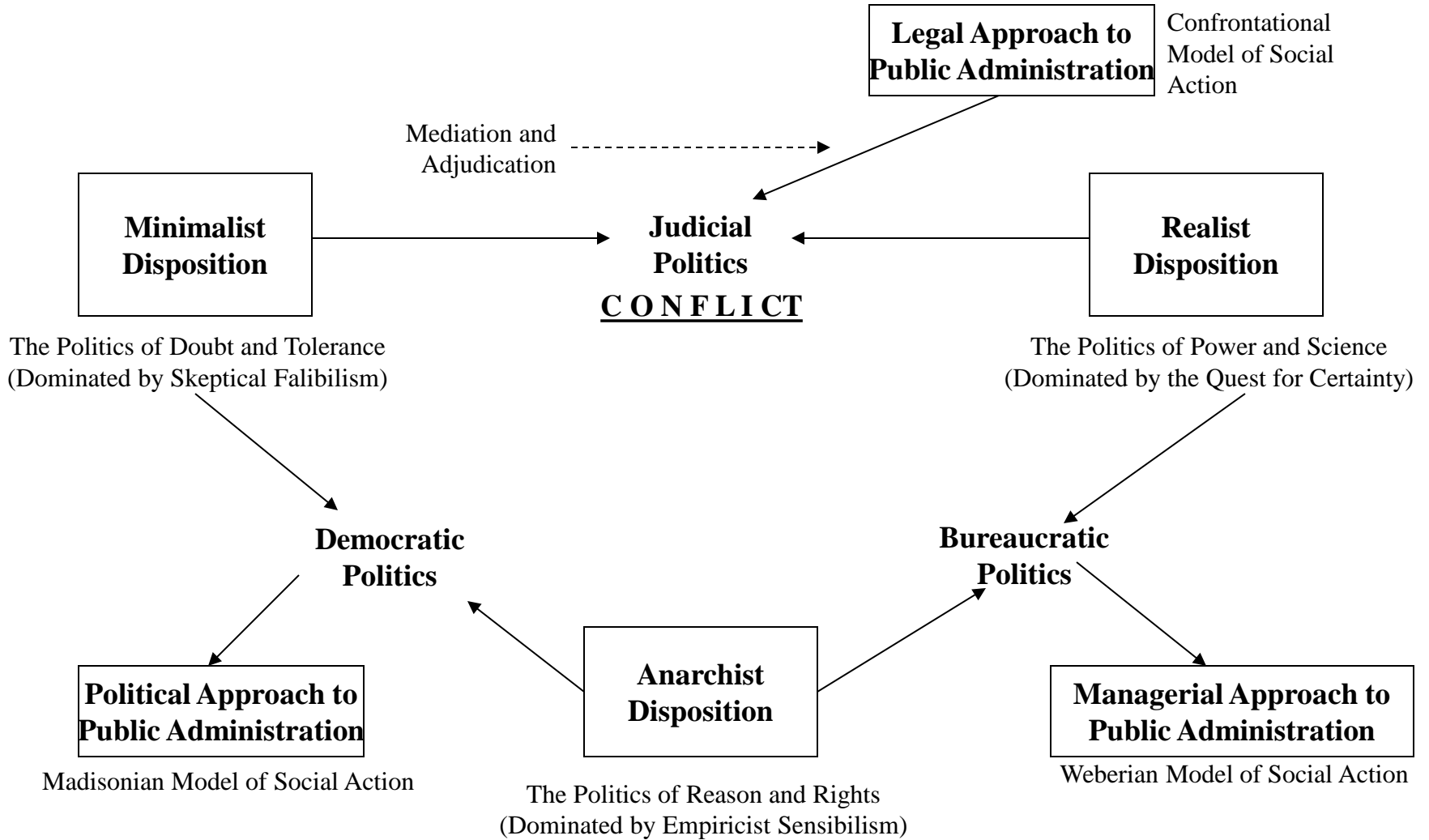


Figure 4
Varieties of Liberal Economics

