

INTERNATIONAL PUBLIC MANAGEMENT NETWORK SYMPOSIUM:

"NEW PUBLIC MANAGEMENT HAS BEEN COMPLETELY DISCREDITED, THANK GOD!"

L. R. Jones

ABSTRACT

In late February 2004, well-known and highly respected Canadian academic Donald Savoie was appointed to assist the Canadian government, "to help overhaul the management and accountability of government in the aftermath of [a] scandal." Among the remarks Savoie made to the press upon appointment was the following excerpt, "New public management has been completely discredited, thank God" (The Ottawa Citizen, 2/27/04). Savoie's comment and the article that carried it were brought to the attention of the IPMN community by Alasdair Roberts. The comment stimulated a dialogue about NPM on the IPMN listserver that is represented in this symposium, in roughly the order in which comments were transmitted, with only minor editing. The dialogue tells much about current views on the utility, or lack thereof, of New Public Management and how the maturation of NPM is perceived by the international community of scholars in the field of public management.

INTRODUCTION

In late February 2004, well-known and highly respected Canadian academic Donald Savoie was appointed to assist the Canadian government, "to help overhaul the management and accountability of government in the aftermath of [a] scandal." Among the remarks Savoie made to the press upon appointment was the following excerpt, "New public management has been completely discredited, thank God" (The Ottawa Citizen, 2/27/04). Savoie's comment and the article that carried it were brought to the attention of the IPMN community by Alasdair Roberts. The comment stimulated a dialogue about NPM on the IPMN listserver that is represented below (by author name), in roughly the order in which comments were transmitted, with only minor editing. The dialogue tells much about current views on the utility, or lack thereof, of New Public Management and how the maturation of NPM is perceived by the international community of scholars in the field of public management.

THE DIALOGUE

1. Alasdair Roberts

"New public management has been completely discredited, thank God"

Date: 3/3/2004 7:06:31 PM Pacific Standard Time

From: asrobert@maxwell.syr.edu

I thought IPMN list members might be interested in this news story. The adverse comment on NPM is about halfway down. Best wishes, Al Roberts. "Martin Enlists Aid of Reform Expert" Kathryn May The Ottawa Citizen February 27, 2004

The Martin government has drafted a leading expert in public administration to help overhaul the management and accountability of government in the aftermath of the sponsorship scandal.

Donald Savoie, persona non grata with the Chretien regime, will advise Treasury Board President Reg Alcock on how to reinvigorate the public service and fix Canada's corroding democratic institutions.

His appointment to become the Simon Reisman visiting scholar within Treasury Board will be formally announced today.

The University of Moncton professor will advise Mr. Alcock on revamping Treasury Board and its new "get tough" mandate as keeper of the public purse and on his sweeping spending review across government.

He'll also be called on for the three reviews Mr. Alcock aims to complete by the fall: the governance of Crown corporations, updating the Financial Administration Act and "recasting" the shattered relationship between politicians and bureaucrats.

"He's one of the most prolific authors in public administration and I'll be bringing in others.... I will draw the net as wide as I can because you don't get a chance at fixing this too often. I am going to go teeth to tail on this," said Mr. Alcock.

The sponsorship scandal, the latest in a series of management fiascos, has pushed public management issues onto the national agenda in a way not seen since the famous report of former auditor general James Macdonell, who warned Canada was close to losing control of the public purse.

That report led to the Lambert Commission, a royal commission into the financial management and accountability of government.

One of Mr. Alcock's priorities is a review of "ministerial accountability," the backbone of Canada's parliamentary system, which he argues is broken and needs to be fixed or governments will face more scandals and management foulups.

This breakdown is the subject of Mr. Savoie's latest book, *Breaking the Bargain*, which has become required reading in official Ottawa.

His argument, written with scholarly insight and a down-to-earth style, is that the rules and boundaries that once shaped the relationship between ministers, bureaucrats and MPs are shattered. And the biggest casualty of that fracture is accountability.

Mr. Savoie said he doesn't believe the traditional "bargain" can be restored, but he believes elements should be salvaged as the foundation for a new relationship.

He suggests a new bargain with bigger roles for MPs, more powerful committees and a bureaucracy protected from the meddling of its political masters.

The job of a non-partisan public service is to tell their bosses the truth and provide objective policy advice. The role of ministers, he says, is to be accountable to Parliament for what goes on in their departments.

"I do think the traditional bargain holds a great deal of merit, but whether you can bring the old bargain back, I have my doubts. But I think there are lessons to be learned, so we shouldn't throw everything overboard."

A well-known political insider in Ottawa, Mr. Savoie is professor of political science and economics at the University of Moncton. He has written 36 books with several more on the go.

A graduate of Oxford University, Mr. Savoie has worked as a senior public servant in Ottawa, advised governments from Moscow to Morocco and led the creation of the Atlantic Canada Opportunities Agency.

Mr. Savoie has long insisted he is not among the Martin government's inner circle, but he acknowledges Prime Minister Paul Martin has called him to talk about his books.

Mr. Savoie's book *Governing from the Centre*, which detailed the growing concentration of power within the Prime Minister's Office, put him on the outs with the Chretien government, which considered the book a personal attack on the prime minister.

Mr. Savoie had been a member of Mr. Chretien's transition team in 1993. Mr. Savoie argues the management reforms of the past 20 years to make government run more like business are at the heart of many of the scandals dogging the government.

He argues governments went too far in getting rid of controls to empower bureaucrats and "let the managers manage."

"New public management has been completely discredited, thank God," said Mr. Savoie.

Mr. Alcock said he will be appointing more advisers in the coming weeks and intends to begin fleshing out the mandates of the various reviews he has initiated since the Martin team took over Dec. 12.

He plans to bring in experts in the specific areas of his reviews, such as corporate governance experts for the review into the management of Crown corporations.

Meanwhile, the parliamentary committee investigating the sponsorship scandal learned yesterday an employee in the advertising program complained about its contracting practices as early as 1996.

The complaint led to an audit by an outside firm, Ernst and Young, which revealed serious ethical and management abuses in the awarding of advertising contracts.

The official in charge of the advertising program at the time was Chuck Guite, who was promoted several years later to run the branch that operated the \$250-million sponsorship program at the centre of the scandal.

Conservative MP John Williams, who chairs the Commons public accounts committee, said it was the first time the committee heard of the 1996 audit.

Until now, the government said alarm bells about the program never went off until the internal audit ordered by Public Works and Government Services in 2000. The committee asked for the name of the whistleblower to be given to its sub-committee on witnesses.

Despite the early warning signs, MPs heard testimony of how the government continued to pour money into the program. Treasury Board Secretary Jim Judd said the government did get assurances from then-minister Alfonso Gagliano in 2001 that steps had been taken to fix the problems uncovered in the 2000 audit.

The committee will meet next week during Parliament's recess and are calling former Treasury Board deputy ministers Peter Harder and Frank Claydon as witnesses, along with former Public Works deputy ministers Ran Quail and Janice Cochrane.

Mr. Gagliano, who declined to testify yesterday, is expected to appear with his lawyer after March 15.

MPs on the committee will also have access to secret testimony given by Mr. Guite and his successor, Pierre Tremblay, the two bureaucrats at the centre of the program. They testified during the committee's probe into the Groupaction affair two years ago.

The committee is also exploring whether to make the in-camera testimony public if Mr. Guite and Mr. Tremblay don't testify.

2. Larry Jones

Thanks Al. This statement is a polemic and an example of why in IPMN we advised a stop on the use of the term NPM because it means different things to different people, and its use is often derogatory and inflicted with political bias. Further, it doesn't seem to me that the problems recently publicized in the government of Canada resulted from "letting managers manage."

3. Irene Rubin

I cannot prove that what happened in Canada was the result of the somewhat tepid NPM reforms the country adopted, but Larry you need to confront the fact that NPM does intentionally loosen what we would consider to be precontrols, reduces the number of and power of the so called controllers, (including audit function, in the US, the IGs were told to pull in their claws and be more cooperative), and encourages, nay even commands in some countries, (as in the UK, and more recently in the US) contracting out. These reforms do provide enormous loopholes if that increased autonomy is not used according to the vision of the reformers. It is not a big leap to guess that this atmosphere contributed to the scandals in Canada, though an expert on Canada, like Al Roberts, would be in a better position to tell us what was going on in this particular case.

NPM also does change the accountability mechanisms, and strengthens the executive at the expense of the legislative in many if not all its incarnations. Hence Al's post raises if not resolves some key questions about how these reforms are actually working, and whether they have in fact seriously disrupted trust levels and working relationships between elected officials and appointed career bureaucrats.

Al, what is your take on the Canada situation, what does it reveal, if anything, about NPM?

4. Alasdair Roberts

Hi Irene. There are others on the list who will have a better handle on the details on the scandal than I do, but my take on it is as follows:

-- This is a problem of political corruption, perhaps aggravated by a fear of constitutional instability; and not a problem of managerial misconduct enabled by the loosening of management controls. It has occurred because of a lack of political competition and an undue concentration of executive authority.

-- Should the scandal cause NPM to be discredited in any case? Perhaps. The concentration of political authority over the last decade was obviously advantageous to the governing Liberal Party. But concentration of authority, and the corrosion of oversight mechanisms, was also regarded as a prerequisite for the execution of a firm program of retrenchment, in Canada and elsewhere.

-- On the other hand, many reforms that I would say typified NPM will persist despite this scandal. For example, no one will attempt to dissolve the raft of new quasi-governmental organizations set up to perform public functions -- such as the Canadian Foundation for Innovation, an agency with a CAN\$3.7 billion budget, of which Professor Savoie is incidentally a governing member. If accountability mechanisms such as right of information laws are extended, they will be extended only to certain government-owned corporations. Nor will the trend toward various kinds of outsourcing be reversed; or reforms to laws governing the civil service. Major agencies, such as the Revenue Agency, will retain their special status outside the traditional civil service regime. (Someone correct me if I've got this latter point wrong.)

Incidentally, I wrote an article in 1996 that I think reasonably captures the dynamic in Ottawa today: "Worrying About Misconduct: The Control Lobby and the PS 2000 Reforms." *Canadian Public Administration*, 39.4 (Winter 1997), pp. 489-523. It's on my website, www.aroberts.ca.

5. Steve Kelman

The "old public management" focused on preventing wrongdoing largely to the exclusion of any real concern about accomplishing anything. This lack of attention to results is fundamentally destructive to the ability of government to fulfill its appropriate role in society. A move to much greater attention to results and accomplishment -- to doing something right, not just avoiding doing something wrong -- is a strongly positive development. If this disappeared because of a scandal or example of wrongdoing, it would be devastating to any of us who believe the public sector has an important role to play in society. A far better approach to dealing with wrongdoing than reversion to the "old public management" is to use the criminal justice system, not management systems, to deal with wrongdoing. Increase jail sentences. Lock people up. Use modern techniques of white collar crime investigation and put sufficient resources into them.

6. Dave Garson

Were it so simple! I recently enjoyed listening to an NPR show about corporate price-fixing. A corporate insider turned whistleblower -- a rarity -- was quoted as saying that he thought about 98% of price fixing went unchallenged. The problem with assessing the ability of government to deal with lapses of corporate ethics is that we almost never are on the inside to know, leaving us in happy ignorant bliss to believe that transfers of responsibility to the corporate sector may be unproblematic. I wonder why there is so much pressure from the business side to keep the IRS tamed, underbudgeted, and like other would-be overseers of greed, ill-able to perform their function in the arena of corporate accountability. As we globalize, needless to say, the situation is poised to become much worse in the coming century than it was in the one in which I grew up. I close by recalling that when I was a grad student, the defense of our system of accountability rested in no small part on pluralist theory and John Kenneth Galbraith's notion of countervailing powers: business, labor, and government in a system of checks and balances. It sounded plausible back then. It doesn't now. As usual, PA theory and perspectives haven't caught on. So, Steve, I agree we cannot go back to the old perspectives. But I'm afraid the political theory of NPA may hurt more than help us in understanding our times. We public administrationists often

believe it takes one kind of leader to innovate, a different type to carry on. Perhaps it would be best to see NPA as having been a positive force for shaking things up at the end of the 20th century. But maybe the 21st needs to move on. Best to all,

7. Larry Jones

Thanks Irene. I agree that modern management practices (I will not use a generic term like NPM) support greater delegation of authority and a shift to ex post versus ex ante controls. What is not clear is that these changes have produced net results that are negative, which is what the quote that NPM has been "completely" discredited connotes. On balance I believe these shifts have produced net positive results in government. For whom has NPM been completely discredited? Those who opposed it in the first place.

8. Steve Kelman

I think maybe I didn't express myself clearly enough. In terms of "preventing wrongdoing" and so forth, I was referring to the attitude about how organizations should behave INSIDE THE GOVERNMENT; I wasn't addressing issues of government regulation of business or others outside government. I think the problem with the "old public management" was that it was insufficiently attentive to improving the performance of government.

9. Nick Manning

Leaving aside the conceptual issues in defining NPM, it is abundantly clear that it failed to deliver its promise in developing countries - although we certainly can't say that it did any great damage - other than the opportunity costs, as it was something of a distraction. In the OECD, to the extent that there is some coherence in the ideas involved, it has undoubtedly and usefully broadened the menu of managerial/structural options. Equally clearly, it has not turned out to be the end of managerial history. So, if I am right to interpret Donald Savoie's point to be a general one about NPM losing any pretence to be a single first best approach - then I have no idea if the Canadian case provides evidence for this, but the conclusion itself seems incontrovertible.

10. Alasdair Roberts

Another story from today's Toronto Globe and Mail, in case it interests list members. See the latter half of the story in particular. Regards, Al. --- Another Via chief faces axe: Martin set to fire president in wake of sponsorship scandal, sources say By CAMPBELL CLARK Toronto Globe and Mail Friday, March 5, 2004 - Page A1 OTTAWA -- Prime Minister Paul Martin is preparing to fire Via Rail president Marc LeFrançois over the federal sponsorship scandal in a move that could come as early as today, government sources say.

The decision to dismiss Mr. LeFrançois will be the first move to fire an official named in Auditor-General Sheila Fraser's report on the sponsorship scandal last month. Decisions on the fate of two other heads of Crown corporations are still to come. . . .

In her report, Ms. Fraser found that \$100-million of the sponsorship program's \$250-million went in fees and commissions to ad firms, often for little or no work. Most of the firms had ties to the Liberal Party.

Ms. Fraser said she was most shocked over false invoices that government bodies issued -- notably one from Via for \$750,000.

She reported that Mr. LeFrançois, then Via's chairman, was involved in an unusual series of transactions that effectively lent money to the government's sponsorship program when its annual budget was low that included the issuing of a false invoice. . . .

The BDC [Business Development Bank of Canada] also faced criticism from Ms. Fraser over the sponsorship scandal. . . . A 2000 audit of the BDC's sponsorship activities released yesterday after a request from The Globe found loose management controls that made it impossible to determine whether the Crown corporation got the services it paid for. . . .

The audit found the BDC's sponsorship and advertising activities operated without proper competitive tenders for suppliers, and that deals were made verbally without contracts or controls to determine whether the BDC received the services it paid for at the proper price.

The auditors did not report any fraud or misappropriation of funds, but found many of the same management lapses internal auditors uncovered later that year in the federal government's Public Works Department. . . .

The auditors found that BDC managers did not have written agreements with suppliers, making many deals verbally, and could not properly check bills because details such as descriptions of what was ordered were missing.

"The management of relations with suppliers as practiced by the division increase the risk for the BDC of being unable to discuss the prices billed and the products/services delivered because no prior agreement of a contractual nature had been concluded with the supplier," the report states.

The auditors found that the Crown corporation did not issue regular competitive tenders.

"Since the calls for tenders were not done at regular intervals and there was no process for evaluating the work of suppliers, it is difficult for management to demonstrate that reasonable diligence was applied in the choice of suppliers, or transparency in that regard," the audit report states. . . .

11. Ed Osis

Hi all. Answering Larry's email I have to tell you that I think that the result of NPM is positive. For example in my country (Mexico) we are implementing this theories and so far the results are good, not great because we have any other BIG problems to resolve.

Mexico is not a developed country but we are in our way to be, and if the result of NPM are negative like somebody of you said, what is the role for all this undeveloped countries in NPM? Why we are following the developed countries in this area? Are there some other theories to be implemented instead NPM? What we can do it?

12. Irene Rubin

Each country's reforms should address the specifics of the problems it has encountered, not import a set of reforms designed initially for New Zealand and adopted and adapted by Australia. In fact, NPM has been implemented selectively, some countries have adopted some parts and not others, or adopted and then adapted the reforms in a variety of ways, while others such as China have focused on their immediate needs, such as providing agencies a single estimate of revenue for the year, and South Africa, which is focusing intensively on accountability issues as part of the effort of nation building. Diagnosis before prescription.

13. Steve Kelman

A country with huge pressing problems of corruption and/or lack of work ethic among public employees is probably not ripe for more frontline empowerment reforms, and it probably needs to get its house in order before it can start in a serious way worrying about the quality of public sector results. Conversely, we shouldn't impose hyper-control and ruleboundedness on public sector organizations where these are less serious issues, and where the costs of a lack of results-orientation are much greater.

14. Ed Osis

I understand perfectly that first it is necessary "clean the house," but what if the country (the government in the 3 branches) is stuck (economic, political and social crisis) and all the political actors do not help President (and his team) in the structural reforms that the country needs? How if you try to implement Civil Service? (and you have of course a law of civil service) but government employees don't want to change and prefer to stay where they are because is more comfortable for them (Civil Service is one piece of NPM). I'm thinking to write an essay in this matter and all your ideas would help me a lot.

15. Larry Jones

Irene Rubin is right on target. Nations around the world have been and are continuing to apply different methods contingent upon the nature of their problems and contexts. As Kuno Schedler pointed out in another IPMN listserver dialogue on public management reform, it is more useful to think of NPM not as a management reform ideology, movement or trend but rather as a set of

tools, any of which may be applied (or not) in specific settings. With respect to application of these tools or methods in developing nations, as Kelman notes, caution is advised. Without a sound infrastructure of governance and government, efforts to implement some methods probably won't produce the results desired.

On trends in public management reform, comments on NPM and related issues, IPMN members may wish to refer to our electronic journal the International Public Management Review (www.ipmr.net) to the article by Jones and Kettl in issue 4.1 2003. For insight on how reform gets into the government agenda I urge all to read Barzelay, "Introduction: The Process Dynamics of Public Management Policymaking," in the latest (symposium) issue of the International Public Management Review, 6/3 2003. While many ascribe the adoption of NPM-oriented methods as responses to economic/fiscal stress and global trends, drawing on research on Spain, Mexico, Brazil, Thailand and the U.S., Barzelay and his colleagues show that reform agenda setting is sensitive to a number of context specific political and other variables -- leading him to conclude that, "...the influences of travelling ideas and economic policy over public management policymaking are overdrawn." (p. 270). This conclusion and other insights from the body of research reported in IPMJ 6.3 reinforce both Irene Rubin's most recent comment on the listserver and what Schedler noted about the contingent application of a variety of public management tools in different settings (to read exactly what Schedler said see IPMJ 5.1 2002: pp. 99-100).

16. Owen Hughes

The dialogue is interesting, particularly as applied to developing countries. But there seem to be some misconceptions as to what is involved in NPM. NPM is indeed a set of tools rather than a consistent program to be applied to all countries in all circumstances. It is a set of tools based on the use of markets instead of bureaucracy - ie choice rather than force - to use Ostrom's typology. Using toll roads or auctions to allocate electromagnetic spectrum or contracting out customs and excise as many countries have done are all part of what is loosely called NPM. The institutional frameworks of countries differ and this is what conditions the utility of using NPM or any other model.

In developing countries there seems to be a new pragmatism in the use of market solutions. The comments from Mexico point to this as in others including even China, where a translation of my book on NPM is a minor best-seller. The willingness to try new theories may be due to the signal failure of formal bureaucracy so that rather than saying NPM is all bad and formal bureaucracy all good there needs to be some appreciation of the circumstances in which one might work and the other not and in each direction. It is patronising to say that developing countries must stick to the bureaucratic model when they are developing markets and other institutions to assist their people.

I have no inside knowledge of the Canadian situation that set up this dialogue but it does seem to me to have been the political part of government rather than the managerial. This could have

occurred in exactly the same way as has been rife in many countries with the bureaucratic model of public administration.

17. Dan Williams

Doesn't this second article get to the heart of the matter? How much of a public manager's job is (a) producing records so that someone else (the auditor, the program evaluator, the legislator) can check behind him or her as compared with (b) actually doing work that might serve the public? In this news article the auditor complains that there are no records. When we "let managers manage", they are unlikely to spend too much time making bothersome records. Of course, the absence of records can also produce opportunities for improper use of public resources.

Several people have said that NPM is a set of tools, but I see it as a political theory. NPM tries to realign the relationship between expert managers and their political superiors. Particularly, it seeks to set the relationship closer to parallel, allowing the expert manager to have greater discretion than in the immediately preceding paradigm. The curious fact about the bureaucratic paradigm is that it, too, expanded the expert manager's discretion through the political theory of the politics-administration dichotomy. NPM looks more like an echo than a rejection of the bureaucratic paradigm.

18. Robert Dickey

Thank you Dr. Garson for saying what need be said. NPM is not all good, and the past was not all bad (though I don't know of anyone painting the picture quite so black and white).

Incrementalism has value. It's frustrating, to be sure. But it is important to recognize the value each generation of management has put forth, even when there is much to critique as well. As in most areas, the pendulum swings too wide, yet somewhere within the arc is an ideal aim. 19. Kuno

Dear all

As a typical Swiss, I should write that you are all right and try to find a nice compromise. In fact, lots of the things that have been written seem right to me:

- NPM should be and has been implemented as a reaction of (local, regional, national) problems perceived by decision makers - and its success should be measured by its ability to solve these problems.

- In many cases, severe existing problems have been solved by methods of the new public management. This seems to be the case for the reforms of British public transport, at least in the first phase, before the British government undermined its own reform with inconsistent political decisions. It is certainly true for my own field of activities, Switzerland. Here, cost awareness has been increased, also performance orientation of civil servants, and customer orientation - and

this is exactly what we wanted! In a first phase, even parliaments have changed their behaviour and used the new instruments for the better (see Rieder and Lehmann in our online journal, IPMR at <http://www.ipmr.net>).

- After ten years of new public management reforms in Switzerland, we have to accept that the brand "NPM" has become discredited to a certain extent. Too many people have used and misused it without knowing a necessary minimum about it. Evaluations, which prove that NPM is a success as far as the effects mentioned above are concerned, are widely ignored. NPM itself has become the ball in a game of political ideologies fighting each other. The tougher the concurring political wings are and the rougher the political climate, the harder it gets to implement new public management reforms. Many of the tools in the NPM 'box' are more challenging for the actors in the politico-administrative system than good old bureaucracy. Somehow, the latter was nicer to and safer for traditional civil servants. A good reason for many practitioners and politicians in my country to follow the new band wagon, which turns against NPM.

- What if we go back to the old system? This is no alternative for countries such as NZ, AUS, or even UK. It is none for Switzerland, either, as the level of dissatisfaction was too high when NPM was introduced. Well, there actually WAS a reason to dream of a revolutionary model that should successfully change the old system. And if it did one thing, it is that it defroze the Swiss public sector - some would argue that this alone is an achievement which could not be estimated high enough.

20. Fred Thompson

Professor Garson is surely correct that performance has always been a significant concern of students of public administration (Downs and Larkey, 1986). That was as true of its founders in the progressive era as it is of the most dedicated contemporary managerialist. The main issue that divides us goes to this issue of administrative control. Conventional studies of control treat control as a technical process related to inputs (resources, including employee behavior) and desired outputs (specific organizational goals and economic efficiency generally). Much of this material focuses on the utility of particular mechanisms for controlling inputs and/or mechanisms for controlling outputs (Stinchcombe, 1959; Turcotte, 1974; Ouchi and Maguire, 1975; Edstrom and Galbraith, 1977; Ouchi, 1977; Peterson, 1984). If there is anything consistent about NPM, it is the mantra: let the managers manage; make the managers manage – which is usually translated to say: give them the flexibility to acquire and deploy resources and then hold them accountable for results. Of course, the efficacy of this prescription depends on several variables, at a minimum the specification of organizational purpose, but also effective mechanisms for central handling of accounts payable and perhaps also an appropriate structure of accounts. Many if not most developing nations lack these minimum conditions.

What I find interesting is that American examples of high performing agencies have always reflected strong entrepreneurial leadership (e.g., Turcotte, 1974; Carpenter, 2001). There are almost no examples of high performing traditional bureaucracies [at least I know of none]. The

difference between traditional thinking in PA and NPM lies in how we interpret this fact. Students of PA have nearly always acknowledged that superior leaders will get the flexibility they need to manage effectively. In contrast, advocates of NPM suggest that inflexibility is barrier to effective management – that where workable and practicable we would benefit from focusing accountability on results rather than resource use.

Carpenter, Daniel P. 2001 *The Forging of Bureaucratic Autonomy: Reputations, Networks, and Policy Innovation in Executive Agencies, 1862-1928*. Princeton.

Downs, George, and P.D. Larkey 1986. *The Search for Governmental Efficiency: From Hubris to Helplessness*. McGraw-Hill.

Edstrom, A., and J. Galbraith 1977 "Transfer of managers as a coordination and control strategy in multinational organizations." *Administrative Science Quarterly*, 22: 248-263.

Ouchi, W. G. 1977 "The relationship between organizational structure and organizational control." *Administrative Science Quarterly*, 22: 95-113.

Ouchi, W. G., and M. A. Maguire 1975 "Organizational control: two functions." *Administrative Science Quarterly*, 20: 559-569.

Peterson, K. D. 1984 "Mechanisms of administrative control over managers in educational organizations." *Administrative Science Quarterly*, 29: 573-597.

Stinchcombe, A. L. 1959 "Bureaucratic and craft administration of production: A comparative study." *Administrative Science Quarterly*, 4: 168-187.

Turcotte, W. E. 1974 "Control systems, performance, and satisfaction in two state agencies." *Administrative Science Quarterly*, 19: 60-73.

21. Dave Garson

Hi Fred! Each new generation of theory accretes a new layer on the old rather than displacing it. If a theory (like NPM) lies around long enough, it gets accreted upon. In its new sedimentary environment, it just doesn't look the same.

Of course managing by results is a very old idea, closely tied to managing by performance, which seemed new back in the Kennedy administration, but even then was just the upswing of an older cycle.

Like communism and other great ideas, like NPM, things on paper don't work out as planned. What happens for a while is that the ideal, whether communism or NPM, is contrasted with reality, say with capitalist shortcomings or traditional agency shortcomings. But this only works for a while as people eventually find comparing the ideal of one system with the reality of another to be a bit of talking past one another.

One of my own specialties is IT management. I find it interesting to see how reality has evolved here. The good folks who brought us NPR started out with many NPM ideas about reinvention, markets, outsourcing, managing by results, etc. As the 90s wore on, the idea of leveraging IT to achieve these results came more and more to the fore, and to make a long story short, today we see some major phenomena. Outsourcing is politically mandated on a previously unthinkable scale, with agencies stripped or threatened to be stripped of the in-house capability to truly oversee what is let the the private sector - all this under the rhetoric of efficiency but with politics overriding any serious effort to assess what is truly effective. NPM did not envision that change would be driven by politics...that was thought of as a characteristic of traditional bureaucracy, but as so often happens, we become what we hated most.

Second, the concept of results has morphed into an elaborate OMB system for performance tracking and forcing agencies to develop OMB-sanctioned business plans. Innate to this process is the transfer of discretion from CIOs in the periphery to OMB administrators at the center. There is a direct link from the concepts of managing by results, eliminating duplication, and leveraging IT to the contemporary reality of recentralization, enterprise architecture, and the ironic construction of HSD as the mother of all bureaucracies. The theory of NPM started with the rejection of traditional bureaucracy but the reality that has emerged, like Stalin's perversion of communist ideals, is very far from the starting point...yet connected to it by its inner telos.

Third, there is the matter of conceptual drift. We academics are not immune to fads. In fact, we love fads! From one point of view, NPM was a great fad of an earlier decade. The things that we loved about it, the innovation, the spirit of decentralization, the bridge between public and private.....these things have drifted over to the enthusiasm of the current decade for governance theory, among others. This is not the space to elaborate on governance theory, but like all the others, it is an accretion: something old, something new, something borrowed, something blue. A lot of the old NPM ideas are in the mix, but there is also something new, which reflects further thinking about the role of the state in a global information economy. We can call governance theory just NPM if we want, to emphasize the continuity with the old. But I prefer not to do this, to emphasize what are the new aspects. (Of course, governance theory is what we say it is and we are not all saying the same thing; naturally, I only like it if it is what I say it is! :)

22. Fred Thompson

Hi David. I can hardly disagree with you or with Irene. Neither was that my intention. I was merely trying to argue that there was something new about NPM and, in some circumstances as Steve [Kelman] argues, very worthwhile. Clearly, there isn't much new under the sun, true. One exception though, very few students of public sector performance management, whether under the progressives, the Hoover Commission, or PPBS, ever actually suggested that the authority to spend public money -- purpose, amount, timing -- be delegated to public managers [although where they operate under a revolving fund regime, that has always been the effective result]. That, I would suggest is one thing that was and is conceptually new about NPM. Moreover, the public management policies and organizational routines of government agencies in New Zealand

(Schick 1996; Norman 2003), Australia (Wanna, Kelly, and Forster 2001), the United Kingdom (Likierman 2003), and Sweden (Arwidi and Samuelson 1993) provide concrete examples of this generic practice (Sweden refers to its longstanding version of this practice as MBO, but who knew?). I would note as an aside that one of the few brilliant successes of the US public sector, post-secondary education has at its best always been funded on this basis -- at its worst, it has often been subject to tight line item budgets, which had to be executed precisely as enacted, and the tender scrutiny of central control agencies.

Arwidi, Olof, and Lars A. Samuelson, "The Development of Budgetary Control in Sweden," *Management Accounting Research*, 4/2, June 1993: 93-107.

Likierman, Andrew, "Planning and Controlling UK Public Expenditure on a Resource Basis," *Public Money & Management*, 23/1, Jan. 2003: 45 – 50

Norman, Richard *Obedient Servants? Management Freedoms and Accountabilities in the New Zealand Public Sector*, Wellington: Victoria University Press, 2003.

Schick, Allen, *The Spirit of Reform*, [New Zealand] State Services Commission: <http://www.ssc.govt.nz/frame.asp?Content= Spirit/Spirit.asp>, 1996.

Wanna, John, Joanne Kelly, and John Forster *Managing Public Expenditure in Australia*, Sidney: Allen & Unwin, 2001.

23. Alexander Wegener

Those who considered NPM as a consistent and ready-to-use concept to "modernise" public sector never understood that there is no NPM that has been used as a single concept in any country. Given the fact that most NPM-related contributions have been made out of an Anglo-Saxon, in the beginning mostly British perspective (which is, in fact, closer to an US-American perspective than it is to Continental Europe, Scandinavia or developing countries), the perspective now on "effectiveness" and "efficiency" of NPM is also biased. I strongly recommend to gather more information on public sector modernisation programmes (rhetorics), partners involved (approach), and, of course, empirical evidence in other than English speaking countries. I strongly recommend for example Finland, Sweden, and Denmark, but also Roman Countries like France, Spain and Italy. After this cross-country comparison, you'll be better off...

Let me allow to make a more detailed comment on the three issues raised in the discussion:

(1) What is NPM?

We already had on this server a debate on NPM some years ago, raising questions, whether NPM is just another management fad, a fashion, another thing promising everything, changing little, with no effects. NPM is nothing more than a set of almost every management tool found to be suitable for the public sector. NPM is the practical result of the 1980s normative idea of "private is better than public". Wasn't the basic idea that INSTRUMENTS used in the private sector

MUST BE SUCCESSFUL in the public sector, too? And the opponents of the past, as well as those of today, usually evaluate any change in public sector with a highly normative and idealistic view of "public sector" - and thus useless for learning? NPM is by far more than management systems or performance measurement. Any "NPM"-called changes failed in those administrations, in which NPM was driven by public sector ONLY. Communication with politics worsened in many cases. The focus on intra-organisational efficiency eroded any "public" commitment. Excessive customer orientation raised concerns about democratic accountability and control. These negative effects are associated with heavily business- or management-driven "NPM" approaches.

(2) National NPM Programmes? There are, of course, some trends in public sector modernisation (in terms of changing processes and structures) and in state modernisation (in terms of institutional changes of the system, and nation-wide policy changes). Usually, these trends have been named

- a. *"internal modernisation"*
- b. *"marketisation"*
- c. *democracy and participation*

I agree, most of the terms are not plain English, but they seem to be the smallest common ground of OECD reforms. But that's it. Below these general categories you'll find no cross-country trend that embraces all public sector reforms. You may find it useful to form groups of countries. In addition, the composition of the three trends is in almost every country different, and different emphasis is given to some elements even in so-called "coherent" countries like Scandinavia. Speed is also different, as well as the approaches.

Just one example: In Britain - at least until the very early 2000s - point (c) was mostly a managerial driven customer orientation in public sector modernisation. It was not based on democracy. However, it would be wrong to conclude that British modernisation efforts were only management based - at least after the Conservative era. And don't forget that changes in the political structure - devolution in Scotland and Wales, the regional debate in England, the introduction of cabinets on the local level, etc. - should not be regarded isolated.

(3) NPM in developing countries?

Let's be honest: In public sector reform in developing countries, the large donors - and especially Anglo-American - relied heavily on deregulation, instruments, and promoted leadership. The context in which these - necessary - deregulation took place, the misunderstanding between "goal" and "instrument", and the often missing civil society with subsequent fatal outcomes on leadership led to no better public service. This is especially true for sub-Saharan Africa, to some extent to South America, and to Asian countries as well. We must not forget that the structural adjustment programmes had a severe impact on stability, and that the failure in democratic terms encouraged large donor organisation to formulate joining programmes ("softer"). To be more

drastic: The missing success of NPM-related reforms in developing countries is a logical consequence of its missing institutional and path-dependency perspective.

24. Christopher Pollitt

It is interesting that this debate is taking place now, in 2004. It is nearly 3 years since Larry Jones wrote in the IPMN Newsletter that the NPM might be coming to an end. Not quite yet!

As some IPMN members know, I tried a potted summary of the what is NPM/what effects has it had/where is it going in my 2003 book *THE ESSENTIAL PUBLIC MANAGER* (chapter 2/Open University Press/McGraw Hill). Yes, practices have varied enormously, from country to country and sector to sector. Rhetorics have also varied, though it is probably on the level of rhetoric that the strongest case can be made for the NPM as a global wave. And impacts have varied too - at least the current exchange seems to have installed contextualism as the new orthodoxy (at last!).

But one of the greatest strengths of the NPM has been that it seemed to be the only show in town. Only a brave few were prepared to defend the old bureaucratic orthodoxy - even in those continental European countries where its grip was most strong. So the Field of Progress was left to the NPM. To some extent I think this (in my view) distorted perspective was the fault of PA scholars (*mea culpa*, among others). We allowed ourselves to be carried along in the bi-polar debate of NPM vs bureaucracy. But was this ever an accurate picture of the multi-polar world of practice? I doubt it. To take just one example, in the second edition of our book *PUBLIC MANAGEMENT REFORM: A COMPARATIVE ANALYSIS* (Oxford University Press - published in a couple of months time) Geert Bouckaert and I make the case for the existence of a continental European model of reform which we term the New Weberian State (NWS). This can be seen, in different sub-forms, in the reform trajectories of Germany, France, the Netherlands and the Nordic countries.

Part of the problem, of course, is that most of us know a lot about one or two countries, but only a smattering about 'the rest'. And Anglophone contributions are usually privileged because of the coming-world-language status of English/American. So it is easy for fairly parochial ideas of what is normal to grow up. One of the great contributions of the IPMN (I hope) is gradually to change this state of affairs.

25. María Ester García

I'm following with interest the bright analysis made about what seems to be going on NPM's reputation today. I just want to comment from the point of view of a practitioner about the NPM experience in a developing country, my own: Argentina. Argentina has faced in the papers many times the process of modernization of the public sector. NPM tools were mentioned once and again in the many plans approved since 1985. Besides the privatization of public enterprises (actually, a very big effort done without previous studies, with control misguidance on privatized areas and corruption accusations), is very little what was done both in the managerial and

financial area in the federal and provincial (state) administrations and everyone knows about where we are now. Why? You easily can see that are more than one explanation to apply. I have to agree with Owen Hughes' opinion about the conditions to implement performance orientation, Alasdair Roberts' labeling the Canadian problem as a political corruption one and Dan Williams' focus on relationship between expert managers and their political superiors.

For my country this is one possible explanation: in Argentina, as in many other developing countries, the public sector is an optimal place where the political class can situate its clientele and the bureaucratic class its relatives and nobody wants to give it up. So, the managerial public teams possess almost absolute ignorance about managerial tools and the public administration personnel grows in number and inadequacy of profiles to duties to be performed despite the public rhetoric. Control, when is done, is focused on procedures and not in results. There is always a way to elude restrictive measures and controls. Independent opinions are not welcome. In 2001 a Minister focus his proposed measures in the budget deficit and the deep reform of the federal State structures: he was rejected in just ten days.

The managerial aspects of the reform are systematically put aside because they can drive to let the political and bureaucratic classes with less power and nobody has interest in such a scenario. Today we are in crossroads. I think the NPM tools represent a chance after Irene Rubin's diagnosis before prescription. Finally, something to think about: accountability (a cornerstone in NPM) is a word without a proper translation in Spanish.

26. Regina Pacheco

In Portuguese either, Maria Ester! You can't traduce accountability in Portuguese

27. Larry Jones

Dear Chris:

Thanks for your insightful contribution to the listserver dialogue. You are on target -- I did say in 2001 what you noted, yet the dialogue on the topic continues. As you quote me in your book, *The Essential Public Manager* (2003, p. 49) from the IPMN Newsletter, "...the tide has changed and the era of comprehensive experimentation with NPM-type reforms is coming to a close." (IPMN Newsletter No. 1, 2001: 1). However, the heading of the section was in the form of a question: "Public Management Reform: Is the Tide Changing?" What you quote must be placed in the context of the full text in the Newsletter, as follows, "What is to be concluded about the continuing evolution of change in the public sector? It is difficult to generalize between and among nations and levels of government, but to me it appears that the tide has changed and the era of comprehensive experimentation with NPM-type reform is coming to a close in many parts of the world. In some nations, the reform wave has passed without much more impact than rhetoric and undelivered political promises. In other nations, lasting changes have been implemented that will not be easily reversed."

I stand by this statement, emphasizing the word "comprehensive" i.e., that the era of such change was at or nearing an end "in many parts of the world." I didn't say all parts of the world, and I didn't say that NPM experimentation was ended. I just want to clear the record with respect to exactly what I wrote. Further, I believe what I wrote is consistent with what you and Gert Bouckaert observed in your oft-cited and very good book *Public Management Reform: A Comparative Analysis* (2000) -- I look forward to reading the revised version soon to appear.

To update my train of thought regarding phases of reform from early 2001 to March 2004, I wish to address the question: "where are we now with respect to position on the spectrum of public management reform?" In my view, we are in the "Third Generation of Reform." I think of the third generation in the following sense. In the first phase of comprehensive reform came the articulation of a new policy and management direction (public management policymaking in Barzelay's framework; see *International Public Management Journal* 6/3 2003: 251-281), typically but not always issued by a newly elected government. Passage/enactment of policy and budgets followed articulation and dialogue. Then, new policies and management approaches were implemented. This is only the start of the implementation process but the end of the first generation of reform. The second generation consists of following through -- steering of continued implementation by the government that articulated and sponsored the reforms. The third generation begins when the original sponsors leave office, oftentimes but not always at the point of transition to another government. At this point it is up to a new government (of the same political party or party coalition as the original policy reform sponsors or a different party) to decide, enact and then begin to implement modifications to the original reforms. Here is where continuity and other problems arise, where tough choices are necessary on policy priorities, spending, enforcement, responsibility sharing, etc. When national governments change, critical questions must be addressed, e.g., which policies should continue, which should be modified and how, which should be terminated? Answers to these questions lead to another set of issues, e.g., what were the net benefits of the previous regime of reform and how were they distributed? Who paid and who benefited? What are the likely effects if the new regime articulates a fairly radical departure from the reforms of the previous government? How do state and local governments that have enlisted and been paid to participate in the first and second generations of reform deal with such change? (One answer is state and local governments continue to endorse programs that fit with their policy priorities and that continue to be funded by the national government, but drop everything else.) Where changes in national-local government relationships occur accompanied by other changes (e.g., policy/program termination), who loses benefits? What level of government or what other entity takes up the slack if programs/services are discontinued? In this conception of the phases of reform, the toughest problems are those faced in the third generation.

In many places in the world I believe we are now at the point of third generation reform and, consequently, must face sets of questions that go far beyond the debate over whether NPM persists, whether it constituted a paradigm shift and other issues raised in our listserver dialogue. Not incidentally, the theme of the 2004 IPMN Conference in Rio De Janeiro is "Third Generation Reform in Brazil and Other Nations: Achieving Social and Economic Realignment."

If we are in the third generation, or whatever we wish to term the "post-NPM as a new phenomenon" phase, I believe it is more useful to contrast and evaluate the uses of market-oriented versus government-oriented approaches to reform, as suggested by Owen Hughes, than to argue about NPM as if it were a paradigm. We should not forsake the assessment of other institutional arrangements and approaches, including various types of public-private partnerships. What characterizes the current state of affairs is the evolution of new partnerships, networks and cooperative arrangements within the government sector and between the public and private sectors. And part of what we should analyze specifically is types of management and other controls applied under different arrangements and their effects, as suggested by Thompson. What we need is more empirical evidence about the consequences of new modes of problem solving in the public sector, and less dialogue on what constitutes NPM or whether it is alive or dead. I don't think such dialogue is useful any longer. With respect to evaluation, I want to point out to readers of this correspondence a recently published book edited by our colleague Hellmut Wollmann titled, *Evaluation in Public Sector Reform* (Edward Elgar, 2003) in which a number of authors (including you) address the complexities of conducting useful evaluation.

On another matter, I want to give credit where credit is due. I cited Kuno Schedler as having described NPM as a set of tools to be used selectively -- and contingent on a number of variables. As your listserver contribution noted, it is a major step forward to recognize seriously what I would term the contingency imperative. However, we should acknowledge that in 1995 (*Evaluation* 1/2: 133-154) you characterized NPM as "a shopping basket" from which Wollmann notes, "...the varied concepts and elements of NPM strategies and measures have been portioned and 'packaged' quite differently in different national, regional and local contexts." (Wollmann, 2003: 3) This definition is not as refined as that which you provide in *The Essential Public Manager* (a focus on outputs and outcomes, performance measurement, leaner and flatter organizations, employing contracts instead of hierarchy, applying market mechanisms, a consumer orientation, broadening and blurring the lines between sectors, emphasis on efficiency; pp.27-28) To this list I would add Mark Moore's concept of creating public value and strategic management (1995), and the reexamination of the core capabilities of government organizations (Jones and Thompson, 1999), but most readers would want to add one thing or another. Still, the toolkit and shopping basket metaphors hold. We use them because this approach to defining NPM was pretty accurate nearly a decade ago when you used it and it remains so to this day.

NPM has been defined along the lines you note in *The Essential Public Manager* by other scholars, many of whom you cite. This degree of coherence among a variety of observers about how NPM is defined and the fact that here we are, nine years later, employing roughly the same conceptual metaphor, leads me to conclude that some degree of consensus has developed in conceptual specification of the phenomenon we are attempting to analyze. Further, empirical research on public sector reform seems to have coalesced to considerable degree in that numerous scholars in a variety of nations are reporting many of the same or similar results in analysis of different data bases/different nation sets from different methodical perspectives. I am not attempting to minimize differences in methods and results in different settings. Our observations about contingency comprehend such variation. However, the general alignment of contingent findings connotes that the field of public management has matured to the point where

it is able at least to trace much of its history. What we don't know enough about is its future. What happens during the third generation of reform? We understand that application of the concepts and practices drawn from the shopping basket is evolutionary in the real world where practitioners struggle to modify means to satisfy both efficiency-oriented and political criteria. Therefore, we can forecast that the processes of change will continue to erode the landscape. What we can't predict is how various modifications of reforms that have been implemented will resonate with politicians and citizens tomorrow, next year or in a decade.

To conclude this point let us return to the statement relayed to us by Alasdair Roberts that triggered this dialogue -- that NPM has been thoroughly discredited. Well, to some extent where you stand on this issue depends on where you sit (literally and ideologically). Participants and stakeholders in the policy formation and execution cycle have vested interests in various methods. Further, if one believes ideologically that market-oriented mechanisms are inapplicable to assist in solving problems in the public sector -- and that governments by themselves are better at resolving tough policy and management dilemmas faced all over the world, then the observation that NPM has been discredited may be understood as partisan, and stimulated by the politics of the reform process. However, given the preponderance of evidence supporting some positive effects resulting from application of market-oriented methods, the statement that NPM has been "completely discredited" indicates neither a sophisticated understanding of the unit of analysis nor a cognizance of the extensiveness of the implementation of market-oriented and other NPM-associated instruments. To me, this statement implies a desire to return to government "as it was" when in reality, given the extensiveness of reforms integrated into present practice, there is no pathway to return to the past -- even if this was desirable. Frodo may have saved Middle Earth by destroying "the one ring to rule them all" but the real world isn't that simple.

Again, thanks for your observations on the listserver dialogue.

28. Bob Munzenrider

Pollitt's thoughtful comments here make me kind of yearn for the re-energizing of the "Comparative Administration" field.

29. Fred Thompson

Members of IPMN may find Elaine Kamark's recent KSG working paper, Government Innovation Around the World, of interest. Her abstract follows. The paper can be downloaded without charge from the Social Science Research Network at: <http://ssrn.com/abstract=517666>
Abstract: This paper reviews modern government innovation, from its historical origins in Public Management and Reinventing Government movements in Britain and the US, to today's permutations in different regions of the world. Institutional catalysts for these national reform movements ranged from American distrust of government to reforms promoted by the multi-lateral lending institutions. These actions occurred in the context of the fall of Communism and the emergence of the market model and the new information economy. The paper surveys

lessons learned from two decades of government reform efforts and highlights a number of examples of government innovation that ensued as a result.

Keywords: Business and Government Policy, International Economics, Intergovernmental Relations, International Affairs, Globalization, Public Management, Regulation

30. Tim Tenbenschel

Dear Fred,

Thank you for the posting of Elaine Kamarck's KSG working paper. I have been following conversations on this list with some interest. Could it please be pointed out to Elaine Kamarck and anyone who read her paper that Jenny Shipley is no longer prime minister of New Zealand and has not been since November 1999. The 'new' Prime Minister is Helen Clark - now a veteran of four and a half years in office.

While this may seem a rather pedantic response to a paper that no doubt deserves greater attention, I thought I'd send this correction to the list because it illustrates a wider phenomenon that deserves comment.

The public management academic and practitioner community was transfixed with the New Zealand reforms throughout the 1990s and rightly so, whatever evaluation one might make of these reforms. However international delegations to this corner of the world have noticeably dried up since the 90s. As such, when I read material about New Zealand in recent publications I sometimes wonder if I am reading about a historical specimen preserved in aspic. Since New Zealand is no longer engaged in a radical reform process, what has happened since the 1990s doesn't seem so interesting. Understandable, but, in a way, unfortunate.

I say unfortunate because what is going on in this decade is probably more important for anyone wishing to understand the legacy of earlier reforms. Having gone out on a limb, New Zealand is now inching its way back to the tree trunk. It no longer looks so distinctive - partly because many reforms have been copied elsewhere, but also because the public sector management policy community now recognises many of the downsides of the earlier reforms - particularly in relation to the design of the public sector. In taking steps to mitigate these problems NZ moves back toward the international norm. In short, the key problems identified have been fragmentation and lack of state sector capability (or capacity if you like). The 'Review of the Centre' encapsulates the new agenda and I suggest that interested readers look it up on the State Services Commission website: www.ssc.govt.nz. Essentially, it is about building networks into public management - networks at the service delivery and senior public service levels.

Now, neither politicians nor senior public servants claim that they are renouncing earlier reforms - they claim instead that they are building on them - the change in approach does implicitly raise serious questions about the New Zealand model, even if these questions are not stated explicitly.

In my view, the most distinctive features of the New Zealand reforms are not the ones that Elaine Kamarck refers to - in many ways the Australians and Brits went much further with market-testing than New Zealand ever did. The most noteworthy feature of the New Zealand's reforms was the prominence of agency theory and the way this was applied. This is what gave the NZ model its distinctive flavour. The doctrine of clean lines of responsibility, single-purpose agencies, responsibility for outputs rather than outcomes, functional separation (policy advice, purchasing and provision) were taken further in NZ than anywhere else.

Changes since 1999 all amount to a renunciation of these principles even if no-one involved is trumpeting this. These changes - circuit breaker teams, a new emphasis on partnerships, managing for outcomes, collectively amount to a renunciation of agency theory design principles as interpreted by NZ reformers. In my view they are an understandable response to the excesses of earlier reforms. In the health sector where my research is focused, the reforms were a wholesale repudiation of reform design principles - design principles that created havoc when applied to health.

We now have a rather odd hodge-podge of hierarchical, market and network mechanisms and logics that frequently are in tension with each other - just like everywhere else. In other words, New Zealand - having sought clean lines and clarity - has finally realised that the world of the public sector and public policy does not conform to the excessively rationalistic fantasies that were rife in New Zealand and which had no effective institutional check and balance.

I urge readers to update their image of New Zealand by reading Richard Norman's book 'Obedient Servants?' (2003) and Robert Gregory's recent article in International Public Management Review Vol 4, No 2 (2003) - pp41-58 'All the King's Horses and all the King's Men: Putting New Zealand's Public Sector Together Again' for account of what has happened since 2000.

We have paid a high price in New Zealand for the benefits Kamarck asserts. Only now is attention being given to public sector capacity to 'create value' - something that figures highly in KSG thinking - and we have a long way to catch up.

31. Richard Norman

Dear Fred and members of the IPMN listserv:

I've been enjoying the flurry of international debate about the current shape of 'New Public Management' and whether that term should still be used. The contribution from Tim Tenbensen and his reference to my book 'Obedient Servants?' prompts me to participate. Naturally I'd like network members to take up Tim's suggestion that you read the book, so have attached information about it. I think the New Zealand system is currently at a more interesting stage than it was during a period of frenetic restructuring in the late 1980s and during much of the 1990s. The challenge is to focus on real service delivery rather than the rhetoric of reform. 'NPM' ideas have created a distinctive legacy which prompts continuous adjustments. New Zealand public

sector managers now take for granted private sector-like routines which as far as I can identify are more the exception than the rule internationally. Effective public services stem ultimately from effective routines, and in my assessment, the following are the really important legacies: - decentralised authority for financial management (within central budget limits), backed by information about assets and liabilities which put constant pressure on managers to consider the best mix of capital and staffing. - decentralised authority for human resource management, meaning that managers have considerable discretion over who they can hire and how they manage performance. Prior to 1988, the public sector was a closed labour market which protected the seniority rights of career public servants. Now most public organisations hire people from a range of backgrounds, providing greater diversity of perspectives. - maintenance of a depoliticised public service, which has managed to adjust from the centre right agenda pre-1999, to the centre-left agenda since then. - routines of planning which now place more emphasis on outcomes and 'strategic intent' rather than tightly specified outputs. While annual planning at times has become ritualised, it ensures organisations keep focused on purpose and value creation - particularly given the potential for serious scrutiny through Parliamentary select committees. Considerably more information is available for scrutiny than was the case prior to 1988, a healthy development for democratic debate.

While other aspects of NPM such as privatisation, the separation of policy and delivery agencies, and the creation of quasi markets have been wound back since 1999, the core routines remain firmly in place. The result, in my assessment, is a public sector which is more capable of continuous improvement than was previously the case.

Thanks to all contributors to the debate - an excellent example of the value of the IPMN.

32. Gene Bardach

Richard Norman can't toot his own horn overly on behalf of his book. So I'm happy to chime in with a good word on its behalf. It's very thoughtful and illuminating, a must read. Ideally should be read in conjunction with Graham Scott, *Public Sector Management in New Zealand*. Melbourne: Centre for Law and Economics, Australian National University, 2001. Scott's book is also excellent. Norman's book thinks itself a counter to Scott's. But readers should think of them as complements, not substitutes.

33. Bill Ryan

As with Richard, at the risk of 'tootling my own...' etc, some of you might find it useful to look at my 'Harder Yards Ahead: The second stage of public sector reform in NZ' published in the *International Review of Public Administration*, July 2003, pp. 39-52. It's partly historical (in the sense of recording changes since 2001) but it's also argumentative in relation to the path ahead for NZ in adopting a mature 'managing for outcomes' approach (as signaled by the rugby football metaphor in the title).

34. Larry Jones

In reference to Gene Bardach's comment on the work of Graham Scott, many of you may be interested in the insightful review of Scott's book written by Susan Newberry, University of Canterbury, Christchurch, New Zealand published in the International Public Management Review (www.ipmr.net) in volume 4, number 2, 2003: 96-103.

Thanks to all who contributed to this dialogue on the IPMN listserver.

Graham Scott, 2001. *Public Sector Management in New Zealand: Lessons and Challenges*. Wellington, Australian National University, 407 pages.

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