

CHRISTOPHER POLLITT
AND GEERT BOUCKAERT

THIRD EDITION

PUBLIC MANAGEMENT REFORM

A COMPARATIVE ANALYSIS:
NEW PUBLIC MANAGEMENT,
GOVERNANCE, AND THE
NEO-WEBERIAN STATE

OXFORD

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*For our parents,
Freda, John, Leen, and Michel*

■ PREFACE TO THE THIRD EDITION

To go into a third edition is quite a serious step. A second edition betokens a modest degree of success in attracting readers who hope to find something useful or interesting between the covers. But a third edition begins to feel like a process of institutionalization—as if one has now become one of the statues in the park of public management and administration.

Unlike statues, however, our book will not stand still. It evolves almost daily, sometimes in accordance with our wishes and at other times in a tiresome or annoying way. In fact this third edition, while inhabiting a similar broad framework of chapters and appendices, is hugely different from the second. Some chapters are completely new, and all the others have undergone extensive rewriting and updating. In the remainder of this preface we would like to explain the logic of this overhaul.

Scope

Our subject—comparative management reform—has grown tremendously over the past couple of decades. It has changed significantly even since the first edition of this book was being written, in 1998–9. The literature has expanded fast and the diversity of perspectives and techniques has also increased. We are delighted that the first two editions of *Public Management Reform: A Comparative Analysis* played their part in this growth. It has been one of the most widely cited publications, and we hope and intend that this very extensively changed third edition will continue to stimulate and inform.

We have stuck to the same twelve countries (plus the EU Commission) as in the second edition. The practical reasons for thus restricting our focus were several. To begin with, a dozen states is already a lot to handle, in the sense of becoming familiar with the details of their reform histories. Further, in order to minimize misunderstandings and superficial interpretations, we took an early decision not to include states which neither of us had recently visited. Additionally, in only two cases were neither of us at least minimally able to understand the mother-tongue: Italy and Sweden. In the case of Italy we were fortunate in obtaining the detailed help of a leading Italian scholar, Eduardo Ongaro (see, for example, Ongaro, 2009). In the case of Sweden, so many documents are published in English as well as Swedish that we felt somewhat reassured. In every country we also contacted resident scholars who generously helped us check our facts and impressions (see Acknowledgements for details). For these various reasons we arrived at our final list of Australia, Belgium, Canada, Finland, France, Germany, Italy, the Netherlands, New Zealand, Sweden, the United Kingdom, the United States of America, and the European Commission. With considerable regret, we resisted the tempting invitations from various parties to add (inter alia) Brazil, Denmark, Estonia, Japan, and Norway to our portfolio.

Choosing a time period also has implications. As in previous editions, we started the clock in 1980. That made reasonable sense, insofar as the first waves of New Public Management-type reforms began to appear internationally in the early and mid 1980s. It does mean, however, that we have a huge additional quantity of more recent material, all to be fitted in to roughly the same number of pages as before. Whereas the second edition covered roughly twenty-three years of reform, this edition covers twenty-nine—and the additional six years have been rather busy! A higher degree of selectivity has been unavoidable.

In a nutshell, therefore, the third edition holds to the same geographical scope as the second edition, but has to cover much more material because of the longer period covered and the marked growth in reform activity during that period.

Changes in chapters

The first chapter is entirely new, and did not exist in the first two editions. Its purpose is twofold. First, it indicates the scope of the book: the nature of the subject matter and how broadly and deeply we will cover it. Second, it introduces readers to some of the main recent debates in the field. These will be summarized here, and then continually picked up in the later chapters, as we proceed. The intention is to give a strong flavour of what our subject is about—what gets scholars (and often practitioners) excited, and where the main arguments and controversies currently lie. It also introduces three major models or visions of what the substance of public management reform has been (or, in some cases, should be). These three models are then picked up at various points throughout the rest of the book.

Chapter 2 introduces a model of the process of public management reform which is basically similar to that in previous editions. However, experiences using the book for teaching students have led us to revise our explanations of what the model does and does not do. Its advantages and limitations should now be significantly clearer. One particularly important development of the original material is the inclusion of a discussion relating what is basically a model of the process of change in *one* country to the increasingly important *international* dimension of management reform.

The revision of Chapter 3 ('Many houses: types of politico-administrative regime') has benefited considerably from the rapid growth in comparative studies over the past decade. Whilst we see no need to alter our list of key factors, there is now much more scholarly and empirical back-up for this general approach, and we cite a good deal of it. Several new sections have also been inserted.

Chapter 4 ('Trajectories of modernization and reform') has been very extensively rewritten. There are two principal reasons for this. First, there is simply an awful lot of new data—recent reform attempts—to be added and considered. Second, the scholarly debate about trajectories, trends, and patterns has become theoretically and conceptually more sophisticated since the previous edition. We have needed to refer to, and engage with, that debate.

Chapter 5 ('Results: through a glass darkly') is another section of the book that has required wholesale revision. Since the first edition was written in the late 1990s there has been an explosion of international indices and 'league tables' pertaining to various aspects of governance (see, e.g. Dixon et al., 2008; Pollitt, 2010b). This growth industry has spawned both new data and new problems and controversies. We try to report some of the most relevant data and (necessarily briefly) comment on some of the controversies.

Chapter 6 ('Politics and management') was also a large-scale rewrite. The last few years have seen a number of illuminating studies of the interface between top public servants and politicians (e.g. Hood and Lodge, 2006; Peters and Pierre, 2004) and we had to catch up on these. The net result has been a refinement and elaboration of the conceptual framework we employed in the earlier editions.

Chapter 7 ('Trade-offs, limits, dilemmas, contradictions, and paradoxes') is largely new. Whilst we have not abandoned the insights in the previous edition, we are now able to set them within a more coherent discussion of developing *patterns over time* (Pollitt, 2008). In doing this we have benefited from another recent academic growth area—the debates around path dependency and cycles.

In Chapter 8 ('Reflections') we take the opportunity to look back at the large canvas constituted by the seven earlier chapters. Like Chapter 1, this is an entirely new chapter, in which we decided to start afresh rather than modify the previous material. Readers will make up their own minds concerning the quality of these reflections, but, for our part, we believe that the mixture or balance, though not utterly transformed since the second edition, does reflect some significant recent learning by us.

In conclusion, we would say that—although this was not our main aim at the start—the changes since the second edition have been sufficiently extensive that scholars who read that earlier work carefully would nevertheless find this third edition of sufficient interest to work through to the end. For most students, of course, it will be first time round, and we hope that we have learned enough from those who worked with previous editions to have further clarified the presentation of some of the key issues, while retaining the overviews and factual summaries that so many readers have told us are useful.

■ ACKNOWLEDGEMENTS

Unsurprisingly, for a book of this scope, now in its third incarnation, our debts are too numerous and go too far back in time for us adequately to acknowledge them all in a small space here. Thus we are, uncomfortably, obliged to be somewhat selective in our expressions of gratitude.

A first acknowledgement must go to our home institution, Katholieke Universiteit Leuven. Over the years it has supported our research efforts and, more specifically, enabled us to spend time together to work on this third edition.

A second acknowledgement is due to our network of colleagues and friends who share an interest in comparative public administration. Our many citations make clear how extensively we have drawn on the work of others, but, in addition to the normal processes of benefiting from each other's publications, we have received a generous portion of informal assistance and comment from a number of individuals during the preparation of this third edition, and its predecessors. Indeed, some of them have helped on a scale way beyond normal professional collegueship, and we were somewhat embarrassed by the sheer weight of their goodwill. We particularly wish to acknowledge Peter Aucoin, Jonathan Breul, Maurice Demers, Jean-Michel Eyméri-Douzans, Jan-Eric Furubo, Bob Gregory, John Halligan, Sigurdur Helgasson, Jan-Coen Hellendoorn, Ralph Heintzman, Annie Hondeghem, Patricia Ingraham, Werner Jann, Helmut Klages, Walter Kickert, Roger Levy, Elke Löffler, Rudolf Maes, Nick Manning, John Mayne, Nicole de Montricher, Don Moynihan, Johanna Nurmi, Jim Perry, Guy B. Peters, Jon Pierre, Rune Premfors, Isabella Proeller, Beryl Radin, Irene Rubin, Luc Rouban, Fabio Rugge, Donald Savoie, David Shand, Hilka Summa, Goran Sunström, Colin Talbot, Sandra van Thiel, Nick Thijs, Turo Virtanen, and Petri Uusikylä. We must also thank Elio Borgonovi and Edoardo Ongaro at Università Bocconi in Milan, who produced an excellent Italian translation of the first edition, generously allowed us to draw on their material on recent Italian reforms and, in Edoardo's case, briefed us for this third edition on recent changes.

Third, we have received some special help with this edition. Arianne Sanders and Jesse Stroobants have saved us a lot of time by fishing out needed facts and figures. Inge Vermeulen has worked her magic with diagrams, and Maaïke Vandenhaute has tidied up a lot of stuff that badly needed it. Anneke Heylen has performed her usual immaculate job in organizing the final stages before handover to Oxford University Press.

Finally, we would like to acknowledge those organizations which have contributed—indirectly but significantly—to this book by being willing to fund serious empirical research into public management reform. In the age of the 'sound bite' and the 'packaged' management consultancy solution it takes some institutional courage to invest in the kind of time-consuming research which almost always reveals variety and complexity. As this book makes clear, however, if politicians' hopes, public money, and civil servants' time are not to be wasted, such research is desperately needed. We therefore

gratefully acknowledge the support we have at various times received from Brunel University, the Canadian Centre for Management Development, Erasmus University Rotterdam, the Finnish Ministry of Finance, the Public Management Institute and the Research Council of the Katholieke Universiteit Leuven, and the UK Economic and Social Research Council.

*Christopher Pollitt
Geert Bouckaert*

■ ABBREVIATIONS

APS	Australian Public Service
BPR	Business Process Re-engineering
CAF	Common Assessment Framework (an EU quality system)
CDR	<i>Centre de responsabilité</i> (France)
DEG	Digital-Era Governance
DG	Directorate General (the main organizational division within the EU Commission and in a number of continental European administrations)
EMS	Expenditure Management System
ENA	<i>Ecole Nationale d'Administration</i> (France)
EU	European Union
FoI	Freedom of Information
GAO	General Accounting Office (USA – re-named Government Accountability Office in 2004)
GDP	Gross Domestic Product
GEC	Global Economic Crisis (2008)
GPRA	Government Performance and Results Act (USA)
HRM	Human Resource Management
ICT	Information and Communications Technology
KRA	Key Results Area (New Zealand)
LOLF	<i>Loi Organique relative aux Lois de Finances</i>
MAF	Management Accountability Framework (Canada)
MAP 2000	Modernizing Administrative and Personnel Policy 2000 (EU Commission)
MbO	Management by Objectives
MP	Member of Parliament
MTM	market-type mechanism
MYOP	Multi-Year Operational Plan
NASA	National Aeronautics and Space Administration (USA)
NHS	National Health Service (UK)
NPG	New Public Governance
NPM	New Public Management
NPR	National Performance Review (USA)
NWS	Neo-Weberian State
OECD	Organization for Economic Cooperation and Development
OFP	Operational Framework Plan (USA)
OMB	Office of Management and Budget (USA)
OPM	Office of Personnel Management (USA)
OSHA	Occupational Safety and Health Administration (USA)
PART	Program Assessment Rating Tool (USA)
PEMS	Policy and Expenditure Management System (Canada)
PI	Performance Indicator

PISA	Programme for International Student Assessment
PM	Prime Minister
PPBS	Planning, Programming, and Budgeting System (USA)
PPP	Public-Private Partnership
PRP	Performance-Related Pay
PSA	Public Service Agreement (UK)
PSB	Public Service Bargain
PSBR	Public Sector Borrowing Requirement (UK)
PUMA	Public Management Service of the OECD
RIA	Regulatory Impact Analysis
SAI	Supreme Audit Institution (the generic title given themselves by national audit offices)
SEM	Sound and Efficient Management Initiative (EU Commission)
SES	Senior Executive Service
SOA	Special Operating Agency (Canada)
SRA	Strategic Results Area (New Zealand)
TQM	Total Quality Management
UNPAN	United Nations Public Administration Network
VBTB	Van Beleidsbegroting Tot Beleidsverantwoording (From policy budgeting to accountability budgeting) (Netherlands)
WGA	Whole-of-Government Accounting
WGI	Worldwide Governance Indicator
ZBB	Zero-Based Budgeting
ZBO	<i>Zelfstandige Bestuursorganen</i> (Dutch autonomous public bodies)

■ CONTENTS

LIST OF FIGURES	xiv
LIST OF TABLES	xv
ABBREVIATIONS	xvi
1 Comparative public management reform: an introduction to the key debates	1
2 Problems and responses: a model of public management reform	31
3 Many houses: types of politico-administrative regime	47
4 Trajectories of modernization and reform	75
5 Results: through a glass darkly	126
6 Politics and management	161
7 Trade-offs, balances, limits, dilemmas, contradictions, and paradoxes	182
8 Reflections	206
APPENDIX A: THE SOCIO-ECONOMIC CONTEXT	222
APPENDIX B: COUNTRY FILES AND TABLES OF EVENTS	231
AUSTRALIA	231
BELGIUM	238
CANADA	247
THE EUROPEAN COMMISSION	256
FINLAND	263
FRANCE	271
GERMANY	279
ITALY	285
THE NETHERLANDS	290
NEW ZEALAND	298
SWEDEN	305
UNITED KINGDOM	313
UNITED STATES OF AMERICA	321
BIBLIOGRAPHY	332
INDEX	359

■ LIST OF FIGURES

1.1	The focus of this book	3
1.2	Performance: a conceptual framework	16
1.3	<i>Plats</i> and paradigms	25
2.1	A model of public management reform	33
4.1	The concept of a trajectory	76
4.2	Extent of use of performance budgeting by central governments, 2007	80
4.3	Some types of public service bargain	96
5.1	Performance: a conceptual framework	133
8.1	Some patterns of reform	211
B.1	Financial implications of further state reform for the Belgian federal system	239

■ LIST OF TABLES

1.1	Three waves of reform thinking	11
1.2	Researching public management reforms	13
1.3	Big models—big claims: the basics	22
1.4	Three approaches to cutbacks	28
3.1	Types of politico-administrative regimes: five key features of public administration systems	50
3.2	Distribution of general government expenditure and employment by level of government	53
3.3	State structure and the nature of executive government	55
3.4	Indicators of different cultural aspects in different countries	65
4.1	Aspects of trajectories: context (what) and process (how)	77
4.2	Accounting trajectories	83
4.3	Strategic choices in decentralization	103
5.1	Government effectiveness scores (World Bank Governance Indicators)	128
5.2	Pisa reading scores, 2006	131
5.3	General government expenditures as a percentage of GDP	137
5.4	Employment in general government as a percentage of the labour force	138
5.5	Social expenditure as a percentage of GDP	139
5.6	Government efficiency 2003 according to the IMD's world competitiveness yearbook	141
5.7	Citizens' assessments of public and private services (Canada)	145
5.8	Confidence in the civil service (World Values Survey)	147
5.9	Trust in the civil service (Eurobarometer surveys)	147
6.1	Roles for politicians and civil servants: three ideal-type models	169
6.2	Weaknesses in the three ideal-type models	170
A.1	Real GDP growth	223
A.2	Changes in real GDP between the first quarter of 2008 and the third quarter of 2009	223
A.3	International trade in goods and services as a percentage of GDP	224
A.4	General government expenditures as a percentage of GDP	224
A.5	General government gross financial liabilities as a percentage of GDP	225
A.6	Population aged 65 and over as a percentage of the total population	227
A.7	Income inequality mid 2000s	228
A.8	Foreign-born populations as a percentage of total populations	228
A.9	Estimated total populations 2010	229
B.1	Cultural differences between the two linguistic communities in Belgium	240
B.2	The development of public sector employment in Belgium	242
B.3	Employment in the core administrations at federal, state, and local levels in Belgium, 2007	242

1

Comparative public management reform: an introduction to the key debates

We've got a government in a box, ready to roll in.

(General Stanley A. McChrystal, senior American commander in Afghanistan, speaking at the beginning of an offensive to retake territory from the Taliban in southern Afghanistan, February 2010—quoted in Filkins, 2010)

1.1 Purpose

We think General McChrystal was sadly mistaken. No government can be instantly rolled out from a box, not even in far less adverse circumstances than obtained in southern Afghanistan in 2010. In this book we are looking, not at Afghanistan, but at the relatively stable and prosperous democracies of Australasia, Europe, and North America—and yet we remain less optimistic about what can be achieved (and how it can be done) than the American commander. Understanding what is and is not possible in public management reform (which is, of course only one part of government reform) and seeing over what timescales changes of different types may be hoped for, should be valuable knowledge. We cannot offer a six-steps-to-success cookbook (and we rather doubt if anybody can), but we can draw out an international map of the debates and the events of the last generation. From this we may elicit some cautious conclusions about what has and has not been achieved under widely varying circumstances. Our aim is thus to provide a comparative analytic account of public management thinking and reform in twelve developed countries over a period of thirty years.

Lest our opening scepticism be interpreted as cynicism or 'negativity', we should also affirm that such a broad perspective actually provides plenty of evidence of beneficial change, and that we certainly think that good management can and does make a big difference to the impacts and legitimacy of governments. Examples of successful reforms will be cited as we go along. It is just that the imagery of conjuring good government out of a box finds no resonance at all in the massive corpus of evidence that we are about to review. For good reasons, that we will explain, it can never be that simple—or that quick.

1.2 Scope

We focus on public management reform, defined for our purposes as:

Deliberate changes to the structures and processes of public sector organizations with the objective of getting them (in some sense) to run better.

This is a deliberately open and wide definition which clearly leaves all sorts of important questions still to be answered. For example, 'structures or processes' could be the organizational structures of ministries and agencies, or the processes by which public servants are recruited, trained, promoted, and (if necessary) dismissed, or the legal and administrative relationships between the citizens using public services and the organizations providing them (as in a 'citizens' charter, for example). And 'getting them to run better' could mean getting these organizations to run more efficiently, or ensuring that they are more responsive to the citizens who used them, or focusing more strongly on achieving their official objectives (reducing poverty, promoting exports, etc.). It should be obvious that these different kinds of objective will sometimes trade off against each other, for example a more Spartan, efficient service that minimizes the taxpayers' money spent on each of its activities may not simultaneously be able to increase its responsiveness to citizens or effectiveness in achieving policy goals. So the phrase 'in some sense' may stand for some difficult choices and decisions about what the priorities really are. Reforms and 'modernization' almost always necessitate some awkward choices of this kind—decision-makers are obliged to decide what they think is most important—they can seldom hope to have everything at the same time.

The empirical area (locus) to which we apply this definition of reform is very broad, but yet it is still much less than the total field of public management. In brief, we have chosen to apply ourselves mainly to *central government in twelve specific countries, plus the management of the European Commission*. Thus, obviously, we do not deal with reforms in the hundreds of other countries, or with reforms at regional or local level, or with reforms in international organizations other than the European Union (EU), Commission. Central government, however, means much more than ministries and 'high politics'. It includes vital-but-unobtrusive services like registering births and deaths (central in some countries, local in others), or issuing driving licences. It includes both regulatory and executive agencies, which may be at arm's length from ministries and ministers, often with a degree of statutory independence. It involves major services such as national police forces, and public hospitals, schools and universities. In most countries these services employ far more staff and spend much more money than do the ministries themselves. However, the qualifying phrase 'in most countries' is important. The split of services between central governments (our focus) and subnational governments varies a lot between countries, and also somewhat over time. Thus, for example, central government is responsible for a much bigger share of services in New Zealand or the UK than in Germany, Finland, or the USA (OECD, 2009a, p. 57).

Yet this broad sweep still leaves a lot out. In all countries, governments seek to achieve many of their purposes through contracts or partnerships with non-governmental organizations (NGOs). In some countries (such as the USA) this zone of 'contracted out' yet

still public activity is truly enormous, and some critics have begun to write of the ‘hollow state’ (e.g. Milward and Provan, 2000). It includes the work of charitable organizations and other ‘non-profit’ bodies that form part of civil society, as well as for-profit companies that inhabit the market sector. Some of these contractors and partners are quite small, local organizations, while others are large and multinational. In other countries, such as Germany or Belgium, religious and social foundations (‘civil associations’) continue to play an important role in providing key social, health care, and educational services. Thus this zone embraces both purely commercial contracting and sub-contracting, and more close and intimate ‘public private partnerships’ (PPPs—Bovaird and Tizzard, 2009), or long-standing charitable provision. We will not focus directly on most of this activity. We do note the shifts towards contracting out and partnerships, and we observe that this has been pursued to different degrees and in different ways in different countries, but we do not study these hybrid organizations per se. However, the growth of this penumbra to the core public sector is a key feature of ‘governance’ and ‘network’ approaches, and we will need to return to it at various points in the book.

Figure 1.1 should help clarify our focus. Our book is concerned with reform in the right-hand side of the inner circle—where it is marked as ‘management’. Indeed, it is mainly concerned with only the upper quartile of that circle—the shaded part that relates to *central* government rather than sub-national governments.

Yet Figure 1.1 is itself far from perfect—like most diagrams it clarifies some issues while raising others. For example, it shows a ‘borderzone’ between the public and private sector (this is a zone that most scholars accept has grown over the past few decades). In this zone, for example, a private company may be contracted by government to provide a public service, or government may lay down regulations to govern safety in civil associations such as sports clubs or even churches. In a way the idea of a *borderzone* may not be the most

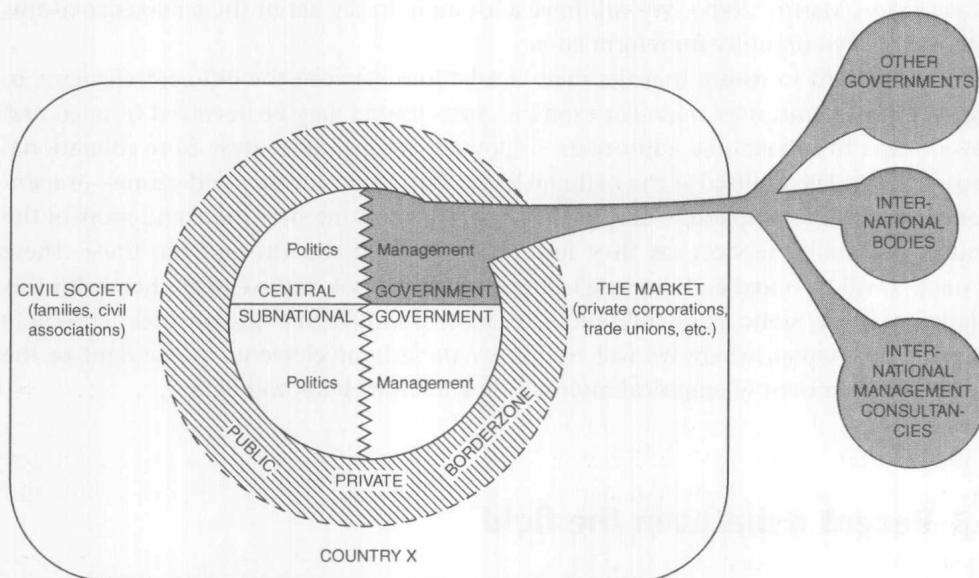


Figure 1.1 The focus of this book