

Politics and the New Public Management

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I. Introduction

My task, as I understand it, is to discuss the relationship between politics on one hand and improved managerial performance on the other. Inevitably my perspective will be American, though I am trying to learn to be less parochial in my views.

Let me start by observing that the conventional view among scholars has been to think of politics as hostile to efficient management. Politics was supposed to define the purposes and some of the important means of public administration. But because politics was filled with self-serving, particularistic motivations, riddled by conflict, and extraordinarily fickle in its interests and commitments, it could not establish the normatively compelling, firm, and clear mandates to guide managerial behavior. Therefore, an important goal of public administration has often been to insulate managers and public organizations from politics in the interest of promoting efficiency. This was the clear thrust of public administration during the Progressive Era at the beginning of the century in the United States. One can sense the same desire to eliminate politics from public administration in today's focus on "serving the customer."

[Indeed, one way to think about the enthusiasm for "customer service" in government is to recognize that the attack on any kind of collective processes has gone beyond the discrediting of politics and has now discredited professionals deployed in bureaucracies to accomplish public purposes as well. Apparently, the only force we can rely on to define value and discipline organizations is an individual with the means to make his preferences felt either through the market, through claims made at the counter of a state financed bureaucracy, or at the voting booth. Anything to avoid having to rely on collective political processes to define purpose and value!]

I want to attack this bias against politics and make the following claims in favor of politics as both an inevitable and valuable part of public management. Politics cannot be banished. Learning how to engage political processes is often key to the success of public managers and public organizations.

Claim #1: Politics is essential to public management because, in the end, it is politics that defines public value -- not the choices of individuals clients of tax financed public services.

Claim #2: Politics is often essential to making important changes in the performance of public sector organizations. It is external political pressures that empower managers leading organizations to make changes in organizational operations. Managers often must rely on political processes and instruments to mobilize others beyond the reach of their direct authority to achieve their goals.

Claim #3: Encouraging public managers and structuring public bureaucracies to engage rather than shun politics can help build the informal institutions of civil society, and thereby improve not only the performance of government, but also overall social life.

The “new public management” that interests me looks closely at what institutional arrangements and individual public managers do to foster public deliberation, and encourage individuals to think and act as citizens rather than as clients or taxpayers, and to record the performance of public bureaucracies in terms of what citizens and their representatives will the bureaucracy to do rather than how well their clients are served. Let me try to defend these particular claims.

II. Politics Defines Public Value

For me, the defining characteristic of public management is that it is a discussion about how public (i.e. collectively owned) assets are to be deployed. In my conception, public assets are of two different types: tax dollars and public authority. (Public assets could also include collectively owned land and corporations, etc., but I want to set that aside for a moment, even at the risk of revealing my parochialism. I understand that most governments own more things than the United States Government does.)

It is common to think that when we are talking about spending public money we should be concerned with ensuring efficiency and effectiveness, and when we are talking about the use of state authority we should be concerned about equity and fairness. But, in my view, this is a misconception. Because all public funds are raised through the use of coercive authority, when we are spending it, we must be concerned about the fair distribution of the burdens and services as well as in the production of results. Similarly, we are concerned with economizing on the use of force and authority as well ensuring that it is used fairly. Thus, budget bureaus have to be concerned about fairness as well as effectiveness; and courts (as the agencies that oversee and ration the public’s use of authority) has to be concerned with economy in the use of authority as well as fairness.

If public management is about the deployment of public dollars and public authority, it follows, I think, that in democratic societies the authoritative, normally compelling decisions about purposes and methods can only be made by citizens and their representatives through democratic processes -- that is, through politics. In this sense, politics is to public management what markets and customers are to private sector firms: namely, the place where normatively and practically compelling judgments about value are made. Let me elaborate this point a bit, since I think it is fundamental.

As noted above, it has become common to say that government should be more “customer driven,” and to think of government as essentially a large service sector. To the extent that we considered citizens, taxpayers, and elected representatives “customers” this idea would be consistent with the view I am adopting. But often “customer driven” means focusing attention on encounters/transactions with individual clients at the business end of public bureaucracies where individual clients are encountered and looking away from the messy collective processes of politics. It also means devolving power from national governments to smaller units and sometimes (through the use of vouchers) to individuals. It means making government services (particularly those used by large numbers of middle class citizens such as motor vehicle registration, schools, and national parks) more responsive to their individual clients. In short, the idea is to make government like a business: responsive to its customers (as a way of best meeting its basic responsibilities to share holders.)

This has been a particularly useful idea. It has produced some important changes in the way government agencies work. Yet, useful as this idea has been in practical terms, I think it is important to see that it is wrong conceptually, and that it continues to miss an important part of what is necessary for public managers to improve their performance.

Let me make the point as starkly as I can: it is simply not true that the important end of a public organization's efforts is to make their individual clients happy. Or, more precisely, it is only when citizens and their representatives acting through collective political processes decide that the client's interests are to be taken seriously that client satisfaction properly becomes an important goal of public sector management.

That the client's interests are not always to be maximized is most clear in the case of enforcement agencies. Surely no one thinks that the point of police departments or prisons is to make their clients happy. Of course, it is important to respect their rights, and it is precisely to that degree that social collective has instructed these agencies to attend to the well-being and satisfaction of their clients. And it may be important to keep them happy enough to induce them to stand still for justice to be visited upon them. But the point is that all this instruction about how much to care for the individual welfare of "obligatees" comes from a collective decision process -- not from the idea that these clients have the right to demand satisfaction from public bureaus.

While this point may seem obvious in the special case of public agencies that impose obligations on clients, it is significant that it carries over to agencies that seem to be providing services to clients, and are therefore more similar to private sector service organizations. Consider how agencies such as drug treatment providers or welfare programs regard their clients. To some extent, they deliver services and seem to care about the welfare of their clients. But part of the reason these programs are publicly supported is that society as a whole thinks it will get something from such efforts. In the case of drug treatment, they hope to get less crime, better driving and better parenting as well as healthier and happier ex-addicts. In the case welfare, again, society hopes to get better parenting or future transitions to independence as well as richer, more satisfied clients. In this respect, changes in clients behavior and commitments become important goals of the program even if the clients don't want them, and the clients of the program become means to social ends as well as ends in themselves. Again, it may be normatively important to respect rights, and instrumentally important to keep the clients happy enough to stay with the program. But the point is that the value that is being produced by these programs registers in the goals and aspirations of the collective whole, not only or even primarily in the minds of the individual clients. In both cases, clients are getting obligations as well as services; and they are seen as the means to social ends as well as the ends in themselves.

To drive the point home one more time, consider this point. Customers are important to private sector management for two important reasons. First, is the customer's willingness to plunk their money down for a particular product or service that provides the financial wherewithal to continue the business. Unless customer buy the product, as a practical matter, the enterprise will fold. Second, it is the customer's willingness to buy the product that establishes the normative justification for the enterprise. When I ask myself what justifies the use of scarce resources to produce such trivial things as lemon scented furniture polish and hula hoops, the persuasive answer is that individuals seem to want them, and they want them enough to pay a price that covers the cost of the resources used to produce these products. So, customers' willingness to buy provides both the practical wherewithal and the normative justification for private sector enterprises. If one then asks who plays the equivalent role in the public sector -- whose decisions to spend money on the enterprise provides both the practical wherewithal and the normative justification for the enterprise -- the answer turns out to be citizens acting through legislatures and other elected representatives. Arguably, something is socially valuable when the legislature says it is and not otherwise.

Thus, politics defines public value in the same way that markets define private value. Of course, public managers may have to cope with quite heterogeneous ideas about the public value they are to produce that expresses itself in unresolved conflicts in politics. And, they may have to cope with changes in the definition of public value. But that, after all, is not all that different from what private managers have to cope with. They have to deal with heterogeneous tastes, and with changing preferences. Part of what they have gotten good at is making organizations that are capable of producing many different things, and changing rapidly in response to changing consumer demands. Maybe the challenge of public managers is not to "institutionalize" enterprises so that they can carry on forever in pursuit of a constant public purpose that only they can see against the vagaries of corrupt, short-sighted, fickle politics, but instead to build organizations that can do well with respect to various purposes, and that can change reasonably quickly in response to changing social conditions or to changed social aspirations and values.

[Note: the volatile part of a private sector organizations life lies at the production end: in the product and customer markets. They face relatively harmony and stability at the reporting end of the organization. In contrast, public sector organizations face variety and change at the reporting end and relative stability in the operational end. It is not clear to me yet what difference this makes for the management of the organizations, but I think it has a lot to do with improving efforts to interact with political authorizers by providing reports of activities and accomplishments.]

III. Politics Is Essential to Improving the Performance of Public Organizations

Much of the focus in public administration has been on using the tools of internal administration to make important changes in the focus and character of agency performance. We learn a great deal about structure, human resource management, production processes, management control and measurement systems, and so on. Such things are important. But I have to say that in reviewing hundreds of cases of public sector management what has impressed me is how much more powerful external political forces are in forcing changes in organizations than these instruments of internal administration.

In public as well as private management it seems that the biggest changes occur when organizations are threatened with a crisis or with bankruptcy. It is only when there is lots of external voltage being generated that managers are empowered to use the instruments of internal management to distribute the voltage across the organization and make important changes.

It is important to recognize, I think, that there is a public sector equivalency of bankruptcy. Sometimes, bankruptcy occurs quite literally. Other times, courts take control of a public agency because they are failing to secure constitutional rights. Other times, a higher level of government takes over the functions of a lower level of government. But the most common form of bankruptcy in the public sector occurs when the public as a whole loses confidence in an agency's performance, fires the manager, and rewrites the legislation that defines its purpose. This happens fairly often. When it happens, the incoming managers often have as much opportunity to reshape the organization's operations as court appointed receivers in bankruptcy cases. Old obligations are liquidated. Resources once committed to less valuable purposes can be reprogrammed to more valuable purposes. The organization can emerge stronger than it was before bankruptcy.

One of my favorite examples of this kind of situation involved Commissioner Patrick Murphy's efforts to reduce corruption in the New York City Police Department during the Knapp Commission era. Murphy confronted a 30,000 person organization in which corruption was deeply entrenched, and not only hidden but actively shielded by many of his supervisors. It seemed impossible to get leverage on the situation. Fortunately for Murphy, however, the Knapp Commission was established. The external threat they represented to the organization gave Murphy the leverage he needed to make important changes in the internal administration of the organization, and also magnified the effect of the changes he made on the

culture and behavior of the organization. He showed a great deal of cleverness in the way he used the internal instruments of administration. But these efforts would not have been possible, and their impact would have been much less if the Knapp Commission had not existed. He, like private sector managers who rely on the threat of competition to generate the voltage they need to focus the energies of their organization, needed the imminent prospect of a public hanging -- an organizational bankruptcy -- to focus the attention of his organization on improving their performance on at least one important dimension of performance.

This suggests that when public managers wish to make important changes in their organizations, they need to find ways to build political pressure on their organizations. Sometimes this can be accomplished simply by deciding to expose their organizations to political challenge rather than continue the arduous work of insulating the organizations from these pressures. Other times, it might actually require a manager to build or encourage a political force that is bringing pressure to bear on the organization. As one business school professor once put it, the challenge is to make the maximum use of minimal crises to help the organization sense the need to change, and the directions in which it must go to improve its performance. If public sector organizations are insulated from political accountability, there is precious little else that will discipline and focus their performance.

There is a second reason to be interested in politics as a key ingredient in improving organizational performance. For many public sector enterprises, much of the capacity they need to achieve their goals lies outside the boundaries of the organization. If one is charged with keeping the streets clean, one can concentrate on deploying a force of publicly paid street sweepers; or, one can think how to mobilize homeowners and shopkeepers to keep their sidewalks clean. If one is charged with educating children, one can and should concentrate on improving teacher performance; but it would also be great if one could mobilize the parents to work with the kids on their homework. And so on.

If important productive capacity lies outside the scope of one's authority, politics and political instruments become important means of mobilizing those resources for the accomplishment of public goals. This sometimes goes under the heading of "public sector marketing" and there are some excellent examples of marketing techniques being applied to such objectives as encouraging recycling of trash, mobilizing citizens to adopt foster children, and reducing youth violence. But what is interesting is that the marketing is not encouraging people to buy a product; it is encouraging people to participate (more or less voluntarily) in the achievement of a public purpose. In short, it is the distribution of an obligation, or the illumination of a path toward virtue, rather than the advertisement of an available product or service.

IV. Political Engagement Can Build Civil Society

My colleague, Robert Putnam, has shown that strong civil society strengthens the performance of both the public sector and government. Societies that have strong civil societies do better in achieving their social objectives directly, do better in organizing their political processes, and do better in ensuring that government is both responsive to their needs and performs well. If one is fortunate enough to live in a society with a strong civil society, one should view oneself as blessed.

From my perspective, however, the interesting potential suggested by Putnam's observation is this: Could we run public bureaucracies in ways that would spawn, nourish, or strengthen civil society. My tentative answer to this is "yes", and it constitutes another reason to think that one of the important challenges to public management is to engage rather than shun politics. In this conception, public agencies should engage in politics to produce the goal of strengthening civil society.

A big part of this goal may well be achieved by institutional forms that devolve authority to smaller units of government. Indeed, one of the most interesting things to observe in Europe and Latin America is

that as totalitarian societies of both the left and right make the transition to democracies, they end up using their administrative agencies to prime the pump of local politics. Administrative decentralization essentially gives local associations an asset that they can use for their own purposes -- something to be used by a collective that is smaller than the nation state but larger than an individual, something that can be fought over by conflicting local groups. This, in turn, helps to create local as well as national politics, and may help recreate a stunted civil society.

It is this same idea that has turned out to be important in American policing. In America, police departments have become shifting to a strategy of community policing. Part of that strategy involves decentralizing authority to the precinct rather than city wide level. This is done to facilitate the construction of working partnerships with local community groups. The police do this in the first instance to extend their effective reach, and to mobilize citizens to help then achieve the goals of controlling crime and reducing fear. But as they create partnerships, what happens is that the groups stop being the instruments of the police. They begin to make demands on the police that improve police responsiveness to their concerns. The community groups also sometimes develop purposes and capacities beyond crime control, and begin to become quite general purpose community agencies..

V. Conclusion

Despite efforts to insulate public management from politics, it cannot and should not be done. Politics should, instead, be embraced as an essential part of public sector management. After all, it is politics that:

- 1) Defines the values that public managers are supposed to produce with public assets;
- 2) Helps to improve the performance of public sector organizations by providing the discipline that managers need to manage their organizations well, and by giving them the means to reach beyond their organizations for contributions from others that they need to achieve their goals; and
- 3) Provides the means for using public enterprises to help build a stronger civil society, which is desirable both as an end in itself and as a means for ensuring the continued responsiveness and effectiveness of public organizations.

Therefore, the new public management has to make room for an interest in politics. Insofar as the new public management focuses on institutional arrangements, it will have to focus on the ways in which those institutional arrangements support the emergence of local politics and civil society. To the extent that the new public management focuses on the conduct of individual managers, it will have to develop a conception of how public managers can engage political institutions and processes to accomplish the important goals listed above.

Politics doesn't just happen in national elections and political parties. It happens in debates within policy networks about what the public interest and how it might best be served in particular policy domains. And it happens in debates within local administrations as well as the national elections. It is in these domains that produce the normative demands and the energy that guides and animates public managers and public organizations. And it is these which public managers must learn to diagnose and engage. To fail to do so would be as foolish as a private sector manager failing to attend to his customers and competition.

Thank you for your attention.