Public management reform: How the evolutionary character of public management fends off major substantive reform efforts

Karla A. Scheirer

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PUBLIC MANAGEMENT REFORM:

HOW THE EVOLUTIONARY CHARACTER OF PUBLIC MANAGEMENT

FENDS OFF MAJOR SUBSTANTIVE REFORM EFFORTS

by

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The performance of the public sector is strongly influenced by the management culture in which it operates. The current bureaucratic model of management has worked exceedingly well due to timely modifications. However, many reformers have come forth with a new approach to management, emphasizing teams and customer service, thus challenging the traditional model of management. Despite numerous calls to "reinvent" government, the mere fact that reformers can find entrepreneurship and innovation in government today, emphasizes the resilience of classical bureaucracy.

Although slow to reflect changes, public management has begun adapting, incrementally, to new times. Thus, this research will examine the thesis that while classic public management has been modified by reform, it has successfully resisted radical reinvention movements that would change the foundation of public management.

Using an analytical research design, this thesis will describe the evolution of civil service reform and investigate the challenges to modern reform movements with a special emphasis on the reinventing government movement.

The first chapter introduces the bureaucracy. The second chapter will include an historical perspective. Three stages of civil service evolution will be discussed including: classical, scientific management, and public choice. These three stages have arisen out of an evolutionary process. The third chapter articulates the entrepreneurial model concerning privatization of public business. The fourth chapter focuses on selected impacts of the above entrepreneurial model on public management.

Finally, the last chapter discusses the challenges of modern reform attempts of the civil service and how they compare with the entrepreneurial model. Thus, this research reconstructs public management evolution, evaluates a modern reform movement, discusses the current challenges of reform movements today, and concludes that classic public management resists revolutionary change.
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I. AMERICAN BUREAUCRACY: AN INTRODUCTION

The performance of the public sector is strongly influenced by the management culture in which it operates. The current bureaucratic model of management has worked exceedingly well due to timely modifications. However, many reformers have come forth with a new approach to management, emphasizing teams and customer service, thus challenging the traditional model of management. However, despite numerous calls to "reinvent" government, the mere fact that reformers can find entrepreneurship and innovation in government today emphasizes the resilience of classical bureaucracy. Although slow to reflect changes, public management has begun adapting, incrementally, to new times. Thus, this research will examine the thesis that while classic public management has been modified by reform, it has successfully resisted radical reinvention movements that would change the foundation of public management.

Antibureaucratic sentiment has been an integral part of the intellectual and political reform movements that have shaped American federal, state, and local governments throughout the 20th century. The civil service reform movement includes the ideology, laws, regulations, and administrative strategies and inter- and intra- organizational checks, balances, and institutions aimed at
defining, identifying, and motivating responsive and efficient civil service strategies. This process has been cumulative. Each new reform increases the quantity and intensity of reorganization in bureaucracy and increases the reformer's impact on public administration.

**Overview**

Using an analytical research design, this thesis will describe the evolution of civil service reform and investigate the challenges to modern reform movements with a special emphasis on the reinventing government movement. Pursuit of the public good has included an image of efficient and responsive governmental operations. Despite the expansion of the definitions of bureaucratic responsiveness, multiplication of efficiency strategies, and intensification of control techniques, more intervention always seems to be required. Currently, public administration is being influenced by a new entrepreneurial model which has a distinct agenda and impact on the operation of American government. The entrepreneurial model, also known as "reinventing government," is articulated by David Osborne, a journalist and bureaucratic consultant, and Ted Gaebler, a practitioner in public-sector management. Osborne and Gaebler have contributed first hand
to the Clinton administration's public management reform movement.

Observations in this research will be drawn from the large scholarly literature on civil service reforms. While civil service reform in government has received a great deal of attention from political scientists and urban specialists, the connection between civil service reform and public administration has rarely been systematically examined. Therefore, this inquiry will address such questions as: What forces led to a need for governmental reform? How do various reforms effect established theories of public administration? What implications do reforms hold for public services performance? What lessons have been learned about what works and what does not? Where should reformers go from here?

The first chapter introduces the bureaucracy. The second chapter will include an historical perspective. Three stages of civil service evolution will be discussed including: classical, scientific management, and public choice. These three stages have arisen out of an evolutionary process. Thus, the first two chapters are an examination of an institution that has been built on 100 years of ideology, rules, institutions, legal techniques, and reformist ideas. The third chapter articulates Osborne and Gaebler's entrepreneurial model concerning privatization
of public business. The fourth chapter focuses on selected impacts of the above entrepreneurial model on public management.

Finally, the last chapter discusses the challenges of modern reform attempts of the civil service and how they compare with the following assertion by Osborne and Gaebler: "What is needed now is not a continuation of a 100 year old bandage, but rather an infusion of entrepreneurial spirit." (p. 10) These authors maintain that if civil servants are allowed to act as entrepreneurs, government business will not only be efficient, but will flourish. Thus, this research reconstructs public management evolution, evaluates a modern reform movement, discusses the current challenges of reform movements today, and concludes that classic public management resists revolutionary change.

**Definition and Scope of Bureaucracy**

Negative connotations of bureaucracy are hard to escape. For example, bureaucracy evokes thoughts of endless red tape, inefficiency, and unresponsiveness. To most people, the bureaucracy is the faceless entity that forces them to fill out tax forms, stand in line at post offices, or register for a Selective Service system, even when there is no draft. But bureaucrats touch people's lives in many other ways as well. OSSA safety inspectors are bureaucrats.
The food we eat, the prescription drugs we take, the cars we drive, the sports equipment we play with, even the fire-resistant pajamas we slept in as children all fall under regulations established by federal bureaucracies.

Bureaucracy, in effect, refers to the millions of full-time career employees who do the day-to-day work of government. Indeed, the bureaucracy's continuous impact on policy is immense. Often bureaucrats must interpret vague and sometimes contradictory directives from the legislature or the political appointees and elected officials of the executive branch. Bureaucrats must often decide how to allocate resources too scarce to complete assigned tasks. Even though on the surface the bureaucracy may appear nonpolitical, bureaucrats often make highly controversial decisions that spark intense political debate. Thus, as the primary means of policy implementation, the bureaucracy can help, hinder, or redirect the implementation of policy.

To aid in public management reform discussion, the following observations concerning the characteristics of bureaucracy are made: Bureaucracies carry out a variety of tasks, including policymaking, supervision, and enforcement. In doing so, bureaucracies mix executive, legislative, and judicial functions. The structure of bureaucracies reflects our federal system, with fractured and overlapping lines of authority. In addition, there are
no simple answers, whether they be all-out centralization or
decentralization of responsibility, in optimizing
bureaucratic performance. It is also crucial to note that
bureaucracies in action rarely resemble the ideal envisioned
by social theorists or described by legislation.⁹

One of the earliest and most important observers of
bureaucracy as a distinctive organizational type was German
sociologist, Max Weber. He identified the essential
characteristics of bureaucracy, including the assignment of
clear areas of responsibility within the organization, a
specific hierarchy, operation according to established
rules, and careful record keeping. Weber distinguished
bureaucratic agencies from groups that did not share these
characteristics. Although we often complain about
bureaucracy, Weber admired it as a means of getting beyond
the limitations of human individuals.¹⁰

Many of the criticisms of bureaucracy concern the very
characteristics that make bureaucracy valuable. Having to
fill out forms, for example, feeds the institutional memory.
Imagine how a student would feel, for example, if he/she
were getting ready to graduate from college and the
registrar said, "No one around here remembers your taking
freshman math, so you'll have to take it again." A paper
trail is a valuable thing. Complaints are also raised about
the impersonal treatment received at the hands of
bureaucracies (for example, the complaint of, "I'm just a number"), however, depersonalization means that in a well-run bureaucracy, people get their benefits, regardless of party affiliation, religion, or any other personal characteristic.

Weber's enthusiasm for bureaucracy did not blind him to the dangers of an overly bureaucratic society. There will always be tension between sticking to the rules and making allowances. A tendency to veer too far in either direction is dangerous to fairness, effectiveness, and even freedom. The dangers, though, are not in bureaucracy itself. It is important to measure the distance between the ideal and the real.

If the intricacies of the federal system and the limitations of political accommodation had been overcome with a single, functional bureaucracy, many tensions between the two may have been overcome. After all, the outrage when "the system" fails to protect is based on the normal expectation of bureaucratic success.

People who attack bureaucracies claim that through it, big government too often harasses individuals and groups, places too many restrictions on people's actions, and engages in costly and inefficient practices. In this view, bureaucrats have become a power unto themselves, dictating from Washington the way people throughout the country ought to live their lives. On the other hand,
Defenders of bureaucracy argue that a modern society could not function without bureaucratic procedures. After all, they say, someone must send out the social security checks and make the appropriate rules for eligibility; someone must police safety and check on air pollution; and so on. In addition, they maintain that, at times, government bureaucracy stands as the sole defender of citizens who would otherwise be powerless against discrimination and other violations of individual rights and threats to health and safety. Rather than abolishing bureaucracy, they conclude, there is a need to establish a better, more responsive, more efficient bureaucracy.

People also often charge that bureaucracy is too unresponsive to political initiatives. Bureaucrats, they say, are primarily concerned with keeping their own jobs. A new president finds it almost impossible to make significant changes because the bureaucrats frustrate any drive toward innovation or policy change. To understand these charges, the history of the civil service must be examined.

A Brief History of the Federal Bureaucracy

The first federal job appointments were made by George Washington, who declared that his choices were based entirely on "fitness of character." It soon became apparent, however, that most of those found "fit" were
associated with the emerging Federalist party, which Washington and Alexander Hamilton headed. When Thomas Jefferson became president in 1801, he set a precedent by dismissing hundreds of Federalists from government jobs and installing his supporters in their places.  

Thereafter, under what became known as the spoils system, elected officials routinely rewarded friends and supporters with government jobs. The spoils system reached its peak under President Andrew Jackson. After his election in 1828, Jackson dismissed more than one-third of the six hundred upper-level officeholders and from 10 to 20 percent of the ten thousand government officials who occupied lower-level positions.

The spoils system made sense because the political parties needed some form of patronage to reward party workers. During the nineteenth century the government had little need for trained specialists, so a high turnover in personnel usually did not endanger operating efficiency. Furthermore, any president was entitled to fill key positions with people who shared his political philosophy.

By the 1870s obvious abuses of the spoils system had provoked a clamor for reform. These demands led to action after President James A. Garfield was assassinated by a disappointed office seeker in 1881. With the support of Garfield's successor, Chestor A. Arthur, Congress passed a
bill establishing the bipartisan Civil Service Commission to administer competitive examinations and make appointments to office based on merit.\textsuperscript{18}

The federal civil service system now places college graduates in most bureaus. Very high levels of educational specialization also are common in the federal bureaucracy. Yet this emphasis on expertise, to the exclusion of political factors, has its costs. Most civil servants cannot be removed from their jobs except for gross misconduct, and many promotions are based on seniority rather than on merit. The laudable purpose of these procedures— to insulate the bureaucracy from unwarranted political interference—also protects bureaucrats from demands for high performance.\textsuperscript{19}

President Jimmy Carter instituted a number of civil service reforms designed to enhance the role of merit in promotions, salary increases, and terminations. The Carter administration reforms had the following goals: to reward merit more adequately; to keep top civil servants from becoming too deeply entrenched in their positions; unresponsive to changes in policy; and more generally, to produce a British-style senior civil service of capable generalists.\textsuperscript{20}

One of the best-known aspects of the British bureaucracy is the "administrative class," made up of
approximately 7,500 senior staffers selected through a civil service system. These top civil servants are closely involved in the formulation of public policy. It is their job to screen important information for the ministers of each department, to provide political advice, and to comment on the wisdom and practicality of various policy proposals. What they do not do is administer the various departments of the bureaucracy. British civil servants usually view their jobs as lifetime commitments, not as stepping stones to positions in industry or politics. Most regard themselves as the long-term protectors of the public interest and the upholders of high civil standards. They are sometimes criticized for being too cautious and unimaginative.

France was one of the first European nations to create a modern-style bureaucracy, and the existence of a top administrative class similar to the one in Great Britain has been a distinguishing feature of French bureaucratic organization. At the top of the French administrative hierarchy are several thousand bureaucrats, three hundred to five hundred of whom are highly active in the political decision-making process.

What is most striking about top French administrators is that they have become almost a hereditary group due to selective school entrance exams. These administrators have long considered themselves not mere civil servants but
rather managers for society as a whole and agents of change in the modernization of France. Many bureaucrats resent French political parties when they interfere with legislation hatched among the administrative class. When the Socialist government of Francois Mitterrand came to power in 1981, it implemented proposals to decentralize the French bureaucracy. Mitterrand's was the first move toward decentralization in a bureaucratic system that had been highly centralized for centuries.\textsuperscript{24}

Bureaucracies are also embedded firmly in the political process. An example is found in the development of airbags. In 1971, President Richard Nixon's transportation secretary, John Volpe, issued Safety Standard 208, which required the installation of air bags or safety belts in all new cars. The Nixon White House, however, apparently responding to pressure from the automobile industry, postponed implementation of the standard in 1972. Then, four years later, President Gerald Ford's secretary of transportation rescinded S.S. 208.\textsuperscript{25}

In 1977, the Carter administration was more favorably inclined toward consumer safety, and the attempt to get an air bag ruling began again. However, the Reagan administration took office before the ruling was complete and S.S. 208 was revoked again. Then, in 1982, litigation ruling for the safety device was upheld. Despite this
ruling, it was not until the 1990s that a majority of automobile manufacturers were offering the airbag, but usually only as an option.26

This case raised the obvious question of, "Under what circumstances are bureaucrats better representatives of the public interest than elected officials subject to direct political pressure?" Political considerations can lead to short-term planning and the implementation of splashy programs that actually serve the public less well in the long run. In trying to make government appear to be running smoothly, partisan bureaucrats might ignore the reasoned judgments of long-range planners.

**Politics, Discretion, and the Importance of Bureaucracy**

A balance must be worked out between the need for unfettered administrative expertise and the need for responsible and responsive political control. To understand the ramifications of this dichotomy, it must be analyzed how and to what extent the bureaucracy is involved in the political process. Currently, the bureaucratic apparatus has evolved into a collection of highly specialized subdivisions, sometimes insulated from the public, sometimes essentially self-governing, often backed by subdivisions of Congress and by powerful interest groups. Bureaucratic discretion, expertise, and support systems strengthen the
bureaucracy's political position, while the extensive use of contract bureaucrats weakens it to some extent.

The concept of bureaucratic discretion also affects public management. When bureaucracies are called on to implement legislation—promulgating specific regulations for cleaner air, workplace safety, fireproofing clothing, and the like—bureaucrats have considerable latitude in applying laws to particular cases. This administrative discretion forms the basis for bureaucratic political participation. For example, in 1991 new questions about the safety of silicon gel breast implants arose in connection with allegations that the manufacturer had suppressed negative research findings. The FDA had to decide whether to allow the continued use of breast implants while awaiting further research results, or to ban them entirely. Government bureaucrats make policy by applying the broad powers granted to them by Congress and the president.

Several factors involved in legislative decision making contribute to bureaucratic discretion. Most fundamentally, the legislature could not possibly establish clear rules covering all contingencies—an exercise for which it has neither the time nor the expertise. In addition, vague rules or guidelines often reflect legislative conflicts that could not be resolved in Congress and so are handed over to the bureaucracy. In this sense, bureaucratic administration
represents an extension of the legislative process as particular parties work to advance their interests by lobbying in the offices of the bureaucracy.²⁹

In policymaking matters as well, public management does not remain neutral. They have interests of their own, and they push those interests vigorously in the political arena.³⁰ Like most participants in the political system, bureaucrats usually claim that the programs they administer serves the public interest and that expansion of those programs would benefit the nation. Some of these claims are cynical, but most are entirely sincere. Believing in the value of and the need for their programs, bureaucrats seek to expand or protect those programs by lobbying for favorable legislation and increased appropriations. The EPA, for example, actively lobbies for funds to clean up toxic waste sites, and the Department of Agriculture regularly presses for dairy price supports and other farm subsidies.

Bureaucratic Challenges

The development of the service economy implies a revision of fundamental philosophical assumptions—for example, concepts such as economic value and productive activity. This new trend may adversely affect the productive value of unpaid activities such as those
performed by volunteers. It may also mean that service functions of the economy such as research and development, distribution, quality control, logistics, financial engineering, recycling, and environmental control, "are now at the center of all strategic decision upon which optimum use of human, material, and financial resources and our prospects for sound economic development depend."31 Since two-thirds of all productive activities are taking place where consumers are, the functions of producer and consumer merge into prosumer. This new type of economy will drastically affect traditional input-output thinking.32

The emergence of the service economy, changes in the supply and demand for skilled and unskilled labor, and the new information technology have already started to change the concept and operationalization of labor. Shifts in manufacturing, the growth of the service industry, and new information technology are turning capital-labor relationships, organizational structures and procedures, and the borderlines of virtual and actual organizations into something managers have never before experienced.

The growing number of employees who are telecommuting encourages the relocation of activities to satellite offices and presents agencies and public administrators with other new challenges.33 As the information superhighway evolves from "drawing board to reality, such related services as
machine and software maintenance and management, training, and security may soon account for more than half the workforce. According to public management expert, Bronson Rurup,

There will be an end to traditional organizational patterns based on an intensive division of labor and...these will be replaced by more extensive work models...this will be associated with the increased use of new kinds of measuring, testing, and analysis technology that will include the use of expert systems and artificial intelligence...furthermore, the new technologies will open up new possibilities of performance monitoring, performance appraisal, and supervisions.

Rurup concludes that the work of the future will be more skilled, more complex, and also more strongly oriented towards the processing of information. However, at present, skilled laborers are being pushed into menial jobs in the service industry as they are replaced by automation and outsourcing across the international boundaries. The opposition of organized labor in the United States and Canada to NAFTA is an indication of the growing concerns of employees about job security and working conditions.

Managers also face conflicting messages about what they should pursue. One example is that for ten years, total quality management (TQM) has advocated teamwork and group spirit. However, a recent best-seller recommends "putting aside the Japanese model of the received wisdom of two hundred years of Western industrial management to capitalize
on the same characteristics that have traditionally made Americans such great business innovators: individualism, self-reliance, a willingness to accept risk, and a propensity for change. For managers in the United States and abroad, whether in the public or in the private sector, the implication of these conflicting messages is clear: part of the challenge of management involves a better understanding of what management is all about in these uncertain times.

Whatever managers decide to do, both in dealing with immediate problems and in preparing for the future, there is no escape from a critical evaluation of current practices and situations. Just as the present is not the precise result of the events, trends, and conditions of the immediate past, so the future is not likely to evolve as a projection of the forces that shape the present. As others have noted, determining which administrative trends, institutions, structures, policies, or procedures may shape the future is another challenge for both academicians and practitioners.

**Invention vs. Evolution**

Such a challenge cannot be met with successs without some discussion on two metaphors of reform—innovation and evolution. The metaphor of invention came out of the
founders' own preoccupation with Newtonian mechanism. They thought it possible to create a self-checking governmental apparatus, a "machine that would go of itself." Thomas Jefferson urged that structures of government be abolished and reinvented every twentieth Independence Day. When William Gladstone described the U.S. Constitution as "the greatest work ever struck off by the mind and wit of man," he was invoking the imagery of institutional invention, as was James Bryce when he wrote admiringly of our political system as the "federal contrivance."³⁹

In addition, America's historical experience of inventors such as Eli Whitney, Thomas Edison, and Henry Ford have become folk icons. Thus, John J. DiIulio, a professor of politics and public affairs at Princeton University and non resident senior fellow at Brookings, concludes that it is natural to identify constructive change with the act of invention, and probably just as natural to suppose that some reinventing may be in order when institutional change seems needed.⁴⁰ Indeed, much of the appeal today of David Osborne's and Ted Gaebler's Reinventing Government derives from the resonance of their main metaphor with American political culture. They write of catalytic government. Their "map" as they term it, for a new world of governance is itself a catalytic image, intended as much to galvanize action as to describe reality. Similarly, the metaphor of
invention, which gives their book its thematic unity and resonance, serves more a catalytic than an analytic purpose. "The can-do spirit, change effected through ingenious new combinations of parts, reform as the product of a single creative event—these are among the ideas evoked by the self-conception as an invention people."41

The metaphor of evolution has as much intellectual support as does the metaphor of invention. If our Constitution was invented, it was also left open and adaptable, to better accommodate developments that "could not have been foreseen completely by the most gifted of its begetters," as Justice Oliver Wendell Holmes commented.42 The doctrine of Social Darwinism no longer commands the kind of assent it once did. But the thoroughness with which Americans embraced the evolutionary paradigm when it first appeared suggests that gradualists such as Charles Darwin, Herbert Spencer, and Alfred Marshall, though Britons themselves, expounded a truth that citizens of the United States accept almost instinctively.43

One of the basic concepts of contemporary social science, bounded rationality, supports the evolutionary approach to institutional reform. According to the bounded rationality hypothesis, policymakers mostly delude themselves when they think that "comprehensive study" or "bold inventive action" can produce useful, enduring change.
The world of politics is too rich in both information and uncertainty; once-and-for-all efforts of structural reform must fail.⁴⁴ As DiIulio notes, "when used as an evocative symbol, the metaphor of invention can help concentrate the mind, charge the imagination, perhaps inspire a certain willing suspension of disbelief." ⁴⁵ However, the inventive approach has its limits as a guide to practical action. The elements of public management cannot be detached from their political and institutional contexts in ways that would permit them to be manipulated inventively.

The primary teaching of many contemporary scholars suggests that projects for institutional reform may produce unintended consequences, frequently unwanted ones. "We are limited in the administrative knowledge that we already possess. We are still struggling to process information about the Old World governance, let alone about anyone's imagined map for a New World."⁴⁶ As important as bureaucracy and the management thereof, is important to any government, it is essential to understand the foundation on which the bureaucracy is based. The United States' bureaucracy and policy of public management is based on the theories and observations of Max Weber. Although numerous reforms have occurred since his time, it is generally contended that the current system of public management is based upon his principles. Thus, the following chapter will
first discuss Weber's theory of bureaucracy, and then look at subsequent reform movements that have had a significant impact on bureaucracy.
II. THE EVOLUTION OF PUBLIC MANAGEMENT

Classical Bureaucracy Model

Max Weber's work on bureaucracies is now more than 80 years old. Weber's work is known as the prime example of "classic" bureaucratic theory, and every subsequent theory of organization either takes it as its theoretical starting point or as an indispensable foil against which to raise new questions or argue alternate emphases. For most, it is either the model one loves or the model one loves to hate.

Max Weber was the first modern theorist of society and organization. He introduced the concept of ideal-typical organizations, and the literature is still dominated by his vision. Weber was concerned with questions relating to what holds societies together and why.

To have an understanding of how societies held together and functioned, Weber made one of his central focuses the legitimacy of the state based on authority. He reasoned that if we could understand authority, we might be able to trace what motivated people—and how and why they related and acted as they did. According to Weber, there were three types of authority: traditional, charismatic, and legal-rational. Each represented a distinct way of relating to the world and of ordering it. Each had a dynamic and style of its own that dominated its cultural setting.
Traditional authority was based on just what one would expect: tradition. For example, a royal family would rule because of tradition, or a tribal leader would be chosen by traditional methods. Organizationally, traditional authority was found in patriarchies and matriarchies. This type of authority seems to have been driven out by what scholars identify as modernization.49

Charismatic authority comes from the personal strength, magnetism, or aura of a single person.50 Prophets and heroes are the most obvious types of charismatic leaders. Organizationally, these leaders have a small group of advisors and a large, unorganized following. Again, the principles of modernization seem to be directly opposed to this kind of authority and soon overcame it.

Unlike tradition or charisma, legal-rational authority relies on laws and rests on impersonal positions. It can be thought of as a closed system with regulations and a hierarchy of roles that create what we recognize as a bureaucracy.51 In this arrangement, modern loyalty is devoted to impersonal and functional purposes. As Weber stated, "Behind the functional purposes, of course, ideas of culture and values usually stand."52

Weber's model was intended to identify systematically the necessary components of a well-structured government bureaucracy. He prescribed the following key elements:
1. **Division of labor and functional specialization:** Work is divided according to type and purpose, with clear areas of jurisdiction marked out for each working unit and an emphasis on eliminating overlapping and duplication of functions.

2. **Hierarchy:** A clear vertical chain of command in which each unit is subordinate to the one above it and superior to the one below it.

3. **Formal framework of rules and procedures:** Designed to ensure stability, predictability, and impersonality in bureaucratic operations and thus equal treatment for all who deal with the organization as well as reliability of performance.

4. **Maintenance of files and other records:** To ensure that actions taken are both appropriate to the situation and consistent with past actions in similar circumstances.

5. **Professionalization:** Employees who are a) appointed (not elected) on the basis of their qualifications and job-related skills, b) full-time and career oriented, and c) paid a regular salary and provided with benefits such as health insurance and a retirement pension.\(^53\)

In addition to these explicit components, two other elements should be mentioned. Weber obviously intended a government bureaucracy of the type described above to be endowed with sufficient legal and political authority to function adequately. His model of bureaucracy is based on both legal and rational authority derived from a fixed central point in the political process, and is assumed to function under that authority.\(^54\)

This model of bureaucracy represented an effort by Weber to both prescribe and describe what he saw as the
ideal form of organization, as it was then emerging in early twentieth-century Europe. It is a formalistic model and lacks dimensions later recognized as important, such as informal lines of authority, internal communication, concern for individual behavior, and motivation in the bureaucracy. Also, Weber himself indicated that the model was not meant to apply to all conceivable organizational situations. It represented only a broad framework rather than an all-encompassing model. Despite these limitations, the Weberian model was the first effort to define systematically the dimensions of this new form of social organization and to prescribe or explain its operations in abstract and theoretical terms.

One of the central goals of Weber's model was to make possible an optimum degree of control in an organization. The quest for control lay at the heart of virtually every element of the model. In particular, the formalism suggested by rules, procedures, and the exercise of authority through a hierarchy, point to Weber's overriding concern for organization that would be both smoothly functioning and effectively managed. In this formal theory and in others proposed at the time, to the extent that management concerns are emphasized, the ultimate goal is control from the top down, over all organizational activities and needs. Consequently, in order to facilitate
control there is a preoccupation with encouraging uniformity rather than permitting diversity in values as well as behavior within the organization. In today's complex and regulated society, this generalization has important political as well as managerial applications and implications, especially for well-educated knowledge workers in large bureaucracies.

A comparison of the Weberian model to contemporary American public administration illustrates the model's attractiveness to serve as a yardstick against which to measure actual administrative arrangements and the limitations on its applicability to very different times and circumstances. American public bureaucracies operate within a formal framework of vertical hierarchy, extensive division of labor and specialization, specific rules, procedures, and routines, and a high degree of professionalization complete with extensive merit systems, career emphases, and salary and fringe benefits. Yet, in spite of these similarities, there are equally prominent differences.

First, although there is a hierarchy comprising the formal bureaucratic structure, those within that hierarchy respond to commands, incentives, and decisions that arise from outside it. Thus, the hierarchy is often only one of the chains of command active in the bureaucracy which is
often described as a reflection of the U.S.'s political diversity.

Second, Weber's division of labor and specialization was designed to reduce functional overlap among bureaucratic units. This provision would insure that any functions performed by a given entity were the responsibility of only that entity.\textsuperscript{59} In Weber's view, this was in the best interest of efficient operation. In contrast, American bureaucracy has functional overlap in spite of its specialization. This reflects overlapping political jurisdictions and societal interests. For example, an occupational retraining program could logically be placed under the authority of either the Department of Labor, since the program is vocationally focused, or Department of Education, since it emphasizes training. Furthermore, functional overlap is practically guaranteed in a federal system in which separate governments organize their bureaucracies independently.

Third, the kind of professionalization foreseen by Weber has been only partially achieved in American bureaucracy, in part due to matters of definition. Weber's European "professionals" were so defined because they were making the bureaucracy their careers, were competent to perform the tasks for which they were hired, and were paid in the manner that other professionals were paid. American
bureaucracy differs from the European model in two respects. First, in this country, there is a wide variety of personnel systems, ranging from the fully developed merit system in which job-related competence is the most important qualification for employment to the most open, deliberate patronage system in which political loyalty and connections are the major criteria in personnel decisions. The U.S. Civil Service, several states, and many city-manager model cities make personnel decisions largely based on a merit basis. Patronage is found in many states as well as in numerous urban and rural governments throughout the country—sometimes even when a merit system appears to be in operation.60

Another departure from the Weberian ideal of professionalism is that more and more professions in the private sector—law, medicine, engineering, social and physical sciences, and business management—are represented among government employees. Whereas Weber seemed to be seeking a "professional bureaucrat," the American experience has produced "bureaucratic professionals"—persons trained in various private-sector professions who find careers in the public service.61 Weber's conception appears to be narrower than the American reality with regard to the scope and diversity of skills of his bureaucrats, as well as the variety of their professional loyalties.
A further implication of professionalization is that employees of a Weberian bureaucracy would be judged by their continuing competence in their jobs. In this regard, American merit systems also diverge from Weber's model. In the majority of cases, those who secure a merit position need only to serve a probationary period (usually six to eighteen months) before earning job security. How rapidly one rises through the ranks or how easily one can transfer to a new position may well be affected by periodic evaluations of competence, but it is still the exception rather than the rule to find a public employee dismissed solely for incompetence on the job.

Finally, Weber placed considerable emphasis on career employment. It is only since 1955, however, that the national government, some states, and localities, have attempted to structure their personnel systems so as to foster a career emphasis as an integral part of public-sector employment.

Although American public administration has emulated many of the elements of Weber's model, the applicability of that model in the United States is limited in important respects. The fundamental strength of Weber's model lay in its defining and describing bureaucracy as a structure of social organization, as a means of promoting hierarchical control, and in paving the way for further theory,
explanation, and prescription regarding large and complex organizations.

Scientific Management's Contributions

The development of Frederick Taylor's theory of scientific management marked the beginning of the managerial tradition in organization theory. Taylor's theory was designed to assist private-sector management in adapting production practices to the needs of an emerging industrial economy in the early 1900s. Prior to Taylor's research, there was little systematic organization of work in private industry. His writings became the principal source of ideas on the subject. Unlike Weber, Taylor focused on private industry and prescribed a "science of management" that incorporated specific steps and procedures for implementation. Weber's more abstract model of bureaucracy did not specify actual operations. Both men, however, emphasized formal structure and rules, dealt hardly at all with the employees' working environment, and directly or indirectly equated the control needs of those at the top of the hierarchy with the needs of the organization as a whole.

The theory of scientific management rested on four underlying values. The first was efficiency in production, which involved obtaining the maximum benefit or gain possible from a given investment of resources. The second
was rationality in work procedures, which addressed the arrangement of work in the most direct relationship to objectives sought. The third was productivity, which meant maintaining the highest production levels possible. The fourth was profit, which Taylor conceived of as the ultimate objective of everyone within the organization. These values formed the framework within which the remainder of his theory has been applied.  

Taylor made several other critical assumptions. He viewed organizational authority as highly centralized at top management levels. He assumed a hierarchy of mid-level managers and supervisors through which top management conveyed orders to those below. At each level of the organization, responsibility and authority were fixed at a central point. Taylor also believed that there was "one best way" to perform any particular task, that through scientific research, method could be discovered and applied. Taylor maintained that the ideal method for performing a certain task could be taught to workers responsible for that task, and scientific selection of workers for their capabilities in performing the task(s) would be the most rational way to achieve the organization's overall objectives.  

According to Taylor, management needed to do three things to increase productivity and thus profits. First,
the most efficient tools and procedures had to be developed. Here, Taylor relied on time-and-motion studies, which concentrated on identifying the most economical set of physical movements associated with each step of a work process. Taylor was a pioneer in such studies, although he was only one of a number of researchers in this area.

Second, in teaching the new techniques to workers, emphasis was to be placed on standardizing the procedures in order to enable workers to discharge their responsibilities routinely yet efficiently. Third, criteria that emphasized task-related capabilities needed to be developed for, and applied to, the worker selection process. Again, top management was to be entirely responsible for implementing this science of administration.

As with any model or theory, there were shortcomings in the application of scientific management to industry and, later, to government. A theoretical shortcoming that received considerable attention from later scholars was that under scientific management, the worker was seen as merely a cog in the industrial machine, with motives and incentives that were purely financial and no other needs, on or off the job that were worthy of incorporation into the theory. Consequently, Taylor concentrated on viewing workers narrowly.
Taylor's theory encountered significant difficulties when American industry tried to implement it. Taylor had assumed that management and labor would share the same objectives and that there would be no conflict over organizing to achieve them. He believed that management would naturally seek efficiency, rationality, and productivity in order to maximize profits. Taylor thought that labor would support and work toward those same goals because, at the time, laborers were paid by the piece, and would earn more money as production increased. Thus, Taylor projected a united labor-management interest in his science of management. The problem was that this unity of interest was assumed without accounting for how it might be affected by the law of supply and demand. In the simplest terms, Taylor projected that demand for a product would always keep pace with supply, that maximum productivity would always be a goal of both management and workers. In practice, however, production levels sometimes came to exceed market demand for a product.67 When this occurred, management laid off some workers, retaining only the number needed on the job for each to maintain maximum productivity without causing total output to exceed demand. This touched off vigorous opposition by workers who were laid off by unions. Most industrial managers had enough power to withstand
labor's reaction, but Taylor's theory came under increasing criticism.

Taylor inaugurated a new direction in organization theory and management practice. Scientific management took hold not only in the private sector but also in public administration. For a time, the values of efficiency, rationality, and productivity were virtually official doctrine in the national bureaucracy. Eventually, an important body of theory in public administration evolved largely from Taylor's work. Scientific management has had a lasting influence on organization theory. It has ideally shaped the values and structures in numerous private and public enterprises and has indirectly influenced organization theory as other theories either followed from it or developed in reaction to it.

Public Choice Theory

Some microeconomists have developed a different theory to explain public management. Public-choice theory begins with the bedrock of all economics, the assumption that human beings are rational and seek to maximize things that are in their self-interest. Whether choosing where to live or what car to buy, economists argue, individuals attempt to maximize their utility, the value they derive from their decision. In the private sector, this makes individuals and
corporations competitive and leads to the most efficient distribution of resources.

Public choice theory argues that public officials, like all other individuals, seek to maximize their self-interest. Their self-interest leads them to avoid risk and to promote their careers. That, in turn, means that they seek to enlarge their programs and increase their budgets. As a result, public choice economists argue, an organization full of self-interested bureaucrats is likely to produce bigger government that is both inefficient and operating against the public's interest. Bureaucrats' pursuit of self-interest helps explain the often disappointing performance of American government. 69

This argument, in turn, has led proponents of the public choice school to argue that, wherever possible, governmental functions ought to be turned over to the private sector. In fact, from the Japanese government's sale of the nation's largest airline to Mexico's sale of 250 government-owned corporations, governments around the world have followed the public choice prescription for privatizing public services. Where this proves impossible, either for practical or for political reasons, public choice proponents contend that public functions ought to be contracted out to the private sector. 70 The contracting process would simulate private-sector competition and dilute the influence
of government bureaucrats. As Stuart Butler, one of the movement's strongest voices, put it, privatization is a kind of "political guerrilla warfare" that directs demand away from government provision of services and reduces the demand for budget growth. 71

The Grace Commission, appointed by President Reagan to study the federal government's management, picked up on these themes in the mid-1980s. First, the commission contended, inefficient management gets rewarded with higher appropriations and more staff. Since the current year's budget is usually based on the money spent last year, the incentive is to spend all of the money appropriated whether it is needed or not. There is no incentive to conserve money for return to the Treasury. Second, because government is insulated from competition, it need not change. Public agencies can continue on, year after year, administering programs the same way. Finally, powerful constituencies grow up around government programs and protect them from the need to change and adapt. Interest groups often fight change to safeguard their share of government goods and services. As a result, government is not forced to operate efficiently, and nearly everyone involved in the administration of government programs has an interest in keeping it that way. 72
The public choice approach has also led to innovative regulatory strategies. Rather than have government issue rules that require any industry that creates pollution to reduce impurities below a fixed ceiling, regulators can create incentives for industries to reduce pollution more efficiently. The Environmental Protection Agency, for example, set pollution standards for firms. Companies that reduced their pollution below prescribed levels could "band" their pollution savings for use in future expansion. Other companies, since 1979, have been allowed to establish a "bubble" around all their facilities in an area and decide the cheapest way to reduce overall pollution, rather than have to deal with individual rules applying to each polluting facility. In both pollution banking and bubbles, the strategy is to allow each company's assessment of its self-interest to promote the overall goal of reducing pollution.

In 1980, for example, the first bubble plan approved saved an electric utility $27 million. It substituted high-sulfur coal for low-sulfur coal at one plant, and switched to natural gas from low-sulfur coal at another. The bubble plan not only saved the utility substantial money but reduced emissions. DuPont engineers estimated that a regional bubble for the company's operations could produce an 85 percent reduction in pollution for $14.6 million in
costs. If the company reduced each source of pollution by 85 percent, it would have cost more than seven times ($91 million).\textsuperscript{74}

The public choice approach to decision-making attacks governmental programs with a simple diagnosis— that the self-interest of government officials produces inefficient programs. It also offered a simple prescription— to turn over as many public programs as possible to the private sector. The approach, however, leaves significant questions of both information and values unanswered.

The attraction of the public choice approach to decision making lies in its reliance on the market. Proponents believe that marketlike competition, whether actually in the market or in market-based mechanisms such as contracts, enhances efficiency. Decision makers are driven to seek the right information and make the best decisions. If they do not, others will be more efficient and they will lose their jobs. The power of this logic rests on the basic assumption of the bureaucrat as a rational actor. In other words, administrators will single-mindedly pursue things of immediate utility for themselves— personal power, security, and income.

It is difficult to argue that any individual does not look to enhance his or her position. Nevertheless, Steven Kelman contends, this account of the operation of the
political process is a terrible caricature of reality. It ignores the ability of ideas to defeat interests, and the role that public spirit plays in motivating the behavior of participants in the political process. The public choice argument is far worse than simply descriptively inaccurate. Achieving good public policy requires a norm of public spiritedness in the political action—a view that people should not simply be selfish in their political behavior. The public choice school is part of the assault on this norm.\textsuperscript{75}

It is difficult to accept the notion that, in administering government programs, government bureaucrats are driven exclusively to maximize their own utility—resulting in more publicly-oriented objectives slipping out of sight. Thus, the theory's very simplicity may be its undoing. Are bureaucratic officials really so single-minded of purpose that there is no room for pride in performance, for striving to meet the goals of legislation, for a sense of public service in the public interest?

Many top administrators could doubtless double or triple their salaries in the private sector. A sense of devotion to the public good keeps them working in the public sector.\textsuperscript{76} An approach to the public service that starts with a cynical view of public servants is dangerously flawed, especially when used as a prescription for managing
government programs. Moreover, some economists, such as former chairman of the President's Council of Economic Advisers, Murray Weidenbaum, contend, that there is a tendency to dismiss difficult questions as "subjective and political," thus defining them as outside the proper sphere of rational analysis of efficiency.77

The public choice movement's great attraction is its explanation of government problems that dovetails neatly with the antigovernment feeling that grew in the aftermath of Watergate and the conservative philosophy championed by the Reagan administration. Moreover, it offers a simple solution: replace the decisions of government bureaucrats with the allegedly self-correcting influence of the market. Markets, it is argued, eliminate the need for a conscious search for decision-making information, since the self-interested motivations of the participants ensure that relevant data are available.78 However, this explanation greatly oversimplifies problems with which public managers must deal and feeds an unhealthy cynicism about government and the public service. The approach greatly underestimates the tremendous power of public ideas: the notion that some things are good for all of us, and that decision makers seek to achieve those things.79

The market analogy suggests that both the goals and the motives of the private sector are identical with those of.
the public sector. Arguments for privatization, however, sometimes muddle together two very different issues: what government should do, and how government should do it. Most fundamentally, privatization is an argument about how the government does things, not what it ought to do.

This raises an important question: What functions are public and thus a responsibility for government? As noted earlier, efficiency is not the only goal of public programs, and seeking other important goals, such as equality, typically means making difficult tradeoffs. Some programs are, at their core, public. The deepest debates are usually ones of ends—what should or should not be public functions?—and the public choice movement’s focus on means thus leads to a crucial point. There is, quite simply, a public interest in public administration.

Even if means is the sole focus, the public choice approach is still unsatisfying. Public choice proponents typically assume that the self-regulating feature of the market will solve any problems plaguing public programs. Instruments are not neutral, however, and the long history of government contracts, as well as more recent lapses in government discretion, offer ample reason to question the theory.

The point is very simple, yet often overlooked: contracts do not administer themselves. Moreover, relying
on contracts often replaces one set of values with another. If directly administered government programs must deal with self-interested bureaucrats, contracted-out programs must deal with self-interested proxies, each of which seeks to maximize its own utility, sometimes at the government's expense. Contracts must, themselves, be administered to ensure high accountability and performance. The role of government administrators is different, but it does not disappear. As Eli Freedman of Connecticut Commission of Administration argues, "You can't contract away responsibility to manage." As any defense official facing harsh questions about overpriced weapons could tell, contracting out does not eliminate the government's basic responsibility. It only changes them.

The public choice prescription laid the fundamental ground work for the current entrepreneurial reform movement known as "reinventing government." Public choice activists believe that there is an irreducible governmental role in shaping government. This distinction is currently illustrated by the Clinton administration's endorsement of the reinventing government movement. As such, the following chapter will outline and discuss the reinventing government movement as articulated by its creators, David Osborne and Ted Gaebler.
III. THE "REINVENTING GOVERNMENT" REFORM MOVEMENT

Public choice theory has contributed to an increasingly popular movement: reinventing government. There has been a world-wide push for bureaucratic change. The past few years have been a time of renewed interest in public service reform at all levels of government. In 1990, the National Commission of the Public Service, chaired by former Federal Reserve Board Chairman, Paul A. Ulcker, issued its report which focused on the federal service. In 1993, the National Commission on the State and Local Public Service, chaired by former Mississippi Governor William F. Winter, presented its report to President Clinton. Then, the National Performance Review, commissioned by President Clinton, directed by Vice-President Gore, and largely inspired by David Osborne and Ted Gaebler's *Reinventing Government*, pushed for radical bureaucratic reform.

The issues surfacing in the early 1990s centered around the widespread public perception that government was functioning less and less effectively, and that many small problems within government bureaucracy had multiplied and combined into larger problems. In particular, calls for "reinventing government" were heard, suggesting that government should give its utmost attention to serving its customers well and should try to instill an entrepreneurial
spirit into as many of its operations as possible. Journalist David Osborne and former city manager Ted Gaebler have attracted a considerable following with their prescription for reinventing government, which has been publicly endorsed by many people at all levels, both in and outside of government.

Much of the allure of this book is derived from its diagnosis of the causes of inadequate federal performance and its energetic prescriptions for change. The diagnosis: a bureaucracy staffed by well-meaning officials who find themselves hamstrung by illogical procedures and pulled in unproductive directions by perverse incentives. The prescription: decentralize government and create incentives to promote entrepreneurial activity by government workers.

*Reinventing Government* reminded everyone that government is, after all, in business to serve citizens, not its own employees. The book established the critical importance of a good working relationship between government and the private sector. Perhaps most important, it raised the debate on the quality of government performance to a level not seen in a generation.

Gaebler and Osborne note that the U.S. government was last "reinvented" during the early decades of the twentieth century, roughly from 1900 through 1940. This period, known as the Progressive Era and the New Deal, focused on coping
with the emergence of a new industrial economy, which created vast new problems and vast new opportunities in American life. Similarly, there has been a current push to reinvent government. Gaebler and Osborne base their conclusions on the following premises: First, governments are needed. Government is the mechanism to make communal decisions, and it is how decisions are made that is important. Second, civilized society cannot function effectively without effective government. The governments of today were created for industrial-era governments, with large, centralized bureaucracies and standardized, "one-size-fits-all" services. Third, the people who work in government are not the problem; it is the systems in which they work that are the problem. Fourth, neither traditional liberalism nor traditional conservatism has much relevance to the problems governments face today. Finally, equity is the key factor for the American system; there are ways to use choice and competition to increase equity in the public sector.

Based on the above premises, the authors describe an entrepreneurial government to deal with modern challenges. "Entrepreneur" was defined by J.B. Say, around the year 1800. "The entrepreneur shifts economic resources out of an area of lower and into an area of higher productivity and greater yield." In other words, as used by Gaebler and
Osborne, an entrepreneur uses resources in new ways to maximize productivity and effectiveness. Thus, their entrepreneurial model describes those public institutions that habitually act in ways that utilize resources in new ways to heighten both efficiency and effectiveness.

The basis of the "reinventing government" concept is that the central failure of government is one of means, not ends. In other words, what government does is important, but how they do it is even more so. The authors of this concept believe that the last fifty years have centered too specifically on the ends of government, thus leaving the means neglected.

The current bureaucratic system was created during the Progressive Era out of a desire to control rampant corruption within government institutions. Measures were enacted to keep politicians and bureaucrats from doing anything that might endanger the public interest or purse. This cleaned up much of government, but in solving one set of problems, it created another. According to Gaebler and Osborne,

In making it difficult to steal the public's money, we made it virtually impossible to manage the public's money. In adopting written tests scored to the third decimal point to hire our clerks and police officers and fire fighters, we built mediocrity into our work force. In making it impossible to fire people who did not perform, we turned mediocrity into deadwood. In attempting to control virtually everything, we became
so obsessed with dictating how things should be done that we ignored the outcomes, the results. Thus, the product was government with a distinct tendency toward slow, inefficient, and impersonal output. This model worked for many years because it solved the many problems associated with its era.

The era in which the Progressive model was created was strikingly different than the contemporary era. It was a slower-paced society which experienced change at a slower pace. It was also an age of top-down hierarchy; only those few officials at the top of the pyramid had enough information to make informed decisions. In addition it was an era of mass markets and strong geographic communities which developed similar wants and needs.

However, society is now one of rapid change. There now exists a global marketplace, which greatly affects economic institutions. In addition, this is an information age, in which people have by-the-minute access to global information. The economy is also knowledge-based, which means educated workers struggle with commands and demand autonomy. Most importantly, today is the era of customer service, in which customers have become accustomed to high quality and extensive choice.

Because of these changes, it is the authors' belief that today's environment demands institutions that deliver high-quality goods and services, squeezing ever more bang
out of every buck. It demands institutions that are responsive to their customers, offering choices of nonstandardized services; that lead by persuasion and incentives rather than commands; that give their employees a sense of meaning and control, even ownership. It demands institutions that empower citizens rather than simply serving them.  

Catalytic Government

The first proposal is to introduce a more catalytic style government. This type of institution would "steer more and row less." In other words, the government would focus on actively shaping the public sector, making more policy decisions, activating more social and economic institutions, and instituting more deregulation. However, rather than hiring more public employees, a catalytic government would make sure other institutions were delivering services and meeting the communities needs. Thus, the public service sector would be more of an enforcing mechanism behind policies, rather than the actual manpower that enacts those policies.

It must be noted that most people have been taught that the public and private sectors occupy distinct worlds; that government should not interfere with business, and that business should have no part in government. This was a
central tenet of the bureaucratic model. Gaebler and Osborne maintain that this belief is out of date. Governments today, under intense pressure to solve problems without spending new money, look for the best method they can find, regardless of which sector it involves. Indeed, there are very few services traditionally provided by the public sector that are not today provided somewhere by the private sector—and vice versa.

Businesses are running public schools and fire departments. Governments are operating professional sports teams and running venture capital funds. Nonprofits are rehabilitating convicts, running banks, and developing real estate.89 The line between public and private business may have already become too blurred to distinguish between the two. The bottomline remains that whoever is best equipped to provide the most efficient service should be the one to do so.

Many have assumed that Gaebler and Osborne are arguing for privatization. However, they offer privatization as only one answer, not the answer. Privatization may be the correct answer in certain circumstances. The main distinction is that "services can be contracted out or turned over to the private sector. But governance cannot."90 Government is the mechanism by which the public makes collective decisions, thus it cannot ever be totally privatized. If it were, the people would have no way to
enforce rules of behavior, no way to set rules of marketplace, and there would be a loss of all sense of equity and altruism. In addition, services that could generate a profit, such as housing for the homeless, would barely exist because third sector organizations could never shoulder the entire load.

**Community-owned Government**

Another concept covered by Gaebler and Osborne is that of putting ownership of the government back into the hands of the people. Traditionally, the feeling has been that government is owned by the bureaucracy that runs it. This belief began when government took over tasks previously administered by third sector institutions, such as churches, families, and neighborhoods.

As control was transferred from the third sector to the government, unforeseen consequences emerged. For example, the many movements for increased welfare, tenant, urban, family, and individual rights erupted. These movements were the cause of a mindset that real control over individual lives had been lost to the mega-institutions of society: big business, big government, and big labor.91

The motivation for instilling ownership of the government into the public is that people will become more involved. Currently, there has been increased involvement
in recycling programs, education, and crime and drug prevention. Government set the goals, allowed the public to become involved, and the process of achieving the goal is being carried out.

The difference between the public and private sector is illuminated in the concept of ownership. For example, communities have more commitment to their members than service delivery systems have to their clients. Also, communities understand the problems better than service professionals. Experiencing a situation will often result in motivation to correct any problems resulting from that situation.

In addition, professional bureaucracies deliver services while communities solve problems. For example, the City of Boston is forcing its hospitals to expand their services for pregnant women in Boston's black neighborhoods, where infant mortality is on the rise. But anyone who reads the newspaper knows that the problem is not simply a lack of medical services. The problems are poverty, drug addiction, teenage sex, and the dissolution of the black family. More medical services will have very little impact unless something is done for the extenuating circumstances as well.92

A community-owned government is also cheaper than service professionals. When government is in control of
providing services, much of the wealth from government flows to its own workers rather than the supposed recipients. For example, in 1984, federal state, and local governments spent $6,209 per poor person in Cook county. However, only 35 percent of this money reached the poor in the form of cash. Another 13 percent came as food stamps and rent vouchers. The majority, 52.6 percent, went to service providers.  

Osborne and Gaebler note that when governments push ownership and control into the community, their responsibilities do not end. They may no longer produce services, but they are still responsible for making sure needs are met. When governments abdicate this steering responsibility, disaster often follows. The massive deinstitutionalization of mental patients in favor of community-based treatment during the 1970s was a perfect example. It worked in a few places, but most governments abdicated their steering responsibilities. They failed to make sure that community treatment centers and homes are in place, with adequate funding, and they failed to monitor what happened to patients who left their hospitals. As a result, many of the mentally ill ended up on the streets, homeless.
Competitive Government

A key condition to reinventing government is injecting competition into service delivery. Competition will not solve all of government's problems. However, "it holds the key that will unlock the bureaucratic gridlock that hamstring so many public agencies." The authors do not condone "cutthroat" competition which can bring out the bad as well as the good. Merit pay is one example. Merit pay for individual teacher just sets teacher against teacher. But merit pay for schools creates competition between teams. The latter type of competition builds morale and encourages creativity.

There are many advantages of competition. For example, the most obvious advantage of competition is greater efficiency. When public service providers' jobs are dependent on their success, those providers become efficient and motivated to excel in their area. This revitalizes the public service sector. In addition, competition rewards innovation, while monopoly stifles it. Service providers are able to adapt to a changing environment out of their wish to maintain their position. However, if an individual's job is guaranteed to perpetuate despite that individual's output, the individual will be less inclined to excel.
Competition will remain as the cornerstone to a healthy organization. Unfortunately, in today's fast-moving marketplace, the private sector is rapidly taking market share away from public organizations. This can be witnessed in the growing superiority of private schools, challenges to the U.S. postal service by Federal Express and U.P.S. Without a healthy dose of competition within the boundaries of the public service sector, eventually the only customers who will use public services will be those who cannot afford an alternative.

Mission-driven Government

The concept of reinventing government also rests on the concept of mission-driven government, rather than rule-driven organizations. Rule driven government may prevent some corruption, but at a price of monumental waste. Mission-driven organization turn their employees free to pursue the organization's mission with the most effective methods they can find.

Obvious advantages of mission-driven government include the fact that such a system is more efficient than rule-driven organizations. Without manuals full of rules and regulations, employees are free to pursue the mission of their agency rather than the previous rules. This is not to imply that there should be an absence of any rules.
Mission-driven organizations are also more effective than rule-driven organizations. They also produce better results. Clear goals and the autonomy to achieve them produces success. In addition, mission-driven organizations are more innovative. Rule-driven organizations stifle innovation, because there is always some rule that stands in the way.

Results-oriented Government

Another characteristic of the Gaebler and Osborne model is results-oriented government. The focus is on funding outcomes rather than inputs. The Progressive Era developed the process of funding inputs. For example, an agency would receive funding based on the amount of services they provided over the long haul. A results-oriented funding would provide funding based on the outcomes of the agency. For example, a state hospital might receive funding according to the number of beds filled, thus making terminally ill patients lucrative. Consequently, the number of bedridden patients climbed steadily over the years. However, under a result-oriented government, an agency would receive funding based on a rating system that takes factors such as patient satisfaction, community and family participation, and the quality of the nursing home environment, into account.
The key to a results-oriented government is in the rating system. Rewards and punitive action are based on the measurement of agencies. The theory behind this logic is that people respond to measurement; if workers know that their livelihood is going to depend on their quality of work, then they will be more motivated to excel in their area of expertise. In addition, if a system is not periodically checked, not only does success go unrewarded, but failure cannot be identified and fixed.

**Customer-driven Government**

An important aspect of reinventing government is producing a government that is customer-driven. The key is to meet the needs of the customer, not the bureaucracy. The dilemma that exists for this goal is in identifying the customer. Most public agents do not know who their customers are and this fact is further complicated because most public agencies do not get their funds from their customers. In private business, almost all of the profits come directly from the customer. Thus, there is a push to satisfy the customer in the private sector. In contrast, public agencies get most of their funding from legislatures, city councils, and elected boards. And most of their "customers" are captive: "short of moving, they have few alternatives to the services their governments provide." Due to this
monopolistic environment, public managers learn to ignore the customer and focus on those holding the purse strings of their agency.

Osborne and Gaebler turn to management experts such as Peters, Waterman, Drucker, and Deming, to point out the importance of listening to one's customers. Those experts counsel managers to expose their employees directly to their customers. Some of their advice in getting close to the customer includes: Customer surveys, customer follow-up, community surveys, customer contact, customer contact reports, customer councils, focus groups, customer interviews, electronic mail, customer service training, test marketing, quality guarantees, inspectors, and suggestion boxes or forms. All of these methods have one goal in common: listening to the voice of the customer.

One challenge in tracking the public sector customer is that most institutions have multiple sets of customers with conflicting interests (such as individuals, businesses, and the communities). The authors suggest that the single best way to make public service providers respond to the needs of their customers is "to put resources in the hands and let them choose." Listening techniques are important, but choice overshadows it. If the public cannot choose between providers, then they are dependent upon the goodwill of the provider.
There are many advantages for a customer-driven system. First, such systems force service providers to be accountable to their customers. The simple fact that customers can take their business elsewhere demands that providers constantly seek feedback on their needs and then do what is necessary to meet them. Second, customer-driven systems depoliticize the choice-of-provider decision. Many times politics interferes with contracting out services to providers. However, when customers control the resources, no legislature can protect inferior providers from the verdicts rendered by those customers.

A third advantage is that customer-driven systems stimulate more innovation. According to Gaebler, "When providers have to compete, they constantly look for ways to cut their costs and increase their quality. And, when they also get their funds from their customers, rather than from a legislature, they also have far greater incentives to invest in innovation." Another advantage is that people are given choices between different kinds of services. Past standardization is outdated because different services are required by different people. It has been suggested that providing identical programs to all people guarantees unequal results--what works for some does not necessarily work for others.
In addition to the above advantages, a customer-driven system wastes less, because it matches supply to demand. Customers are allowed to buy the services they want; for example, a dislocated worker may need medical coverage during his search for a new job. The old system would demand that the worker not only get medical coverage, but also be the recipient of a plethora of other benefits which are unwanted and unneeded, not to mention costly. Also, empowered customers who make such choices are more committed customers. And, finally, a customer-driven system creates greater opportunities for equity.

Enterprising Government

One of the most controversial aspects of the Osborne and Gaebler model is the concept of an "enterprising" government. A government that earns rather than spends is controversial because the public may resent their government if they suspect that the system is making money at a cost to tax payers. Budget revenues are not new. However, public employees often worry about such revenues because they are often penalized the following year in their annual budget or taxpayers revolt.

Because agencies with revenues are often penalized and profits are shipped back to the federal government, managers are not likely to pursue revenues. Indeed, if managers'
budgets are supplied regardless of whether their departments earn anything, they are not likely to spend time trying to make money. One way to get public managers to think like entrepreneurs is through shared savings and earnings. Departments are allowed to keep all or part of any funds they save or earn. These savings are thus available to the agency for projects in the future or for particularly lean years. Another way to instill the entrepreneur spirit in public managers is through innovation capital. A mission-driven budget allows managers to accumulate savings, which they can use as "seed capital." Thus, if a new initiative arises, the initial capital is available to help new projects be created.

**Decentralized Government**

A decentralized government is central to the authors' plan of reinvention. Fifty years ago, centralized institutions were indispensable due to the lack of technology and communication. However, this is not the case today. Currently, information and technology are virtually limitless. One of the challenges of the modern age is that the pressure for accelerated decision-making "slams up hard against the increased complexity and unfamiliarity of the environment about which the decisions must be made."
In contrast, entrepreneurial leaders gravitate towards a more decentralized approach to decision-making. Decisions are moved to the periphery—into the hands of the customer, communities, and nongovernmental organizations. Authority is dispersed among employees.

Decentralization has many advantages. First, decentralized institutions are far more flexible than centralized institutions; they can respond quickly to changing circumstances and customers' needs. Second, decentralized institutions are more effective than centralized institutions. Frontline workers are the most knowledgeable about what is, or is not, needed. In addition, they usually have the support of those who run the organization.

A third advantage is that decentralized institutions are far more innovative than centralized institutions. Rather than relying on a distant, disconnected agency to create ideas, truly great innovations come from those workers who are actually involved in the daily process. And finally, decentralized institutions generate higher morale, more commitment, and greater productivity. According to Osborne, "When managers entrust employees with important decisions, they signal their respect for those employees."107 This advantage is especially important in an educated work base, because such workers thrive on a sense
of mutual respect (not an assembly-line mentality that precludes differences among employees' capacities).

**Market-oriented Government**

The last part of the Osborne and Gaebler model is the market-oriented government. The Progressive Era produced a decentralized system in which one program solved the problems of thousands of people. However, today such a system faces a larger problem: the ability to pay for all of the needs of society is lacking. Thus, government has no choice but to find a noncentralist approach; an approach which will encourage businesses and individuals to meet the needs of society.

The trends of a market-oriented government were spurred on by the collapse of communism in Eastern Europe, "a development that has dramatized in living color the superiority of market systems over administrative systems." In addition, allowing markets to solve societal problems does not suggest that government should not assume a role. Indeed, such a market system is anything but free. Government is the institution which formulates the rules and regulations which govern the market place and oversees that needs are, in fact, being met.

However, the authors do not suggest that market mechanisms always work. As Osborne and Gaebler note, "Many
collective goods provided by government, from parks to public safety, are not traded in markets." Indeed, it is government that is called in when the market system has failed as was witnessed during the Progressive and New Deal Eras. Yet, despite failures, market mechanisms have advantages over administrative mechanisms such as the following: markets are decentralized, they are competitive, they empower customers to make choices, and they link resources directly to results. In addition, markets respond quickly to rapid change and allow government to achieve the scale necessary to solve serious problems.

Government has often been synonymous with "program." Programs, as developed through the administrative process, have many flaws. Programs are driven by constituencies, not customers. Programs are driven by politics, not policy. Programs create "turf," which public agencies then defend at all costs. Programs tend to create fragmented service delivery systems. Programs are not self-correcting. Programs rarely die. Programs rarely achieve the scale necessary to make a significant impact. And, finally, programs normally use commands, not incentives.

The market-based regulatory policy is first and foremost centered around incentives rather than commands. A successful example of this theory is most helpful.
In Washington, the Clean Air Act of 1990 stimulated interest in market-based strategies, because it included an emissions trading programs to control acid rain. Emissions trading is a market mechanism that acts like a green tax: polluters can pay to pollute or innovate to save money. The EPA first tried it during the 1970s. It gave credits to firms that reduced air pollution below the level set by law, and allowed them to trade the credits between different sources of pollution within the firm or sell them to firms in the same general location. The idea was to encourage businesses to meet EPA's goals, but to let them figure out the most innovative and economical way to do so. If they could reduce one source of pollution economically, they could use the credits generated to offset others that were more expensive. This stimulated only a limited market in emissions trading, but is still estimated to have saved business between $5 billion and $12 billion.\footnote{111}

Thus, when incentives are offered, a market-oriented government will encourage innovation and save money for both government and business.

The reinventing government concept precludes evolution. It assumes that the basic system is broken beyond repair. The authors believe that a "new vision of government" must be shaped and pursued.\footnote{112} Their purpose for writing Reinventing Government was to offer the readers such a vision. Government is facing increasing trouble. And, the lack of a vision--"a new paradigm"--has crippled the system.

Osborne and Gaebler make many parallels to the earlier classic written by Peters and Waterman in 1982, In Search of Excellence: Lessons From America's Best-run Companies. While Peters and Waterman focused on success stories in
business, Osborne and Gaebler have searched widely among state and local governments in the U.S. for examples to illustrate the successes of entrepreneurial government. The book is filled with success stories from local governments like Phoenix, East Harlem, Louisville, St. Paul, Orlando, Visalia and from state governments in Florida, Michigan, South Carolina, Washington, and others. The examples show that the entrepreneurial spirit is alive and well throughout the country and that creative public servants working alongside motivated citizens can reinvent government and convince the public that they can demand more performance from government without asking for more resources. In fact, a major message of the book is that government can do more with less.

According to the authors, the Progressive movement of 100 years ago used bureaucracy to achieve positive outcomes. Bureaucracy was seen as the most rational and efficient method of organization. The pioneers of this movement transformed government and minimized political patronage and political influence on the operations of government by creating among other things civil service systems, independent public authorities, competitive bidding systems, and the profession of city managers to run the bureaucracy in an efficient, businesslike manner. As they indicate in the book, the legacy of the Progressives was that their
reforms made if difficult to steal the public's money. However, the authors argue that these solutions, while solving one set of problems, have now created another set of problems.

All of the safeguards adopted by government have now made it virtually impossible to manage the public's money. Today, the citizen no longer sees government and its instrument, the bureaucracy, as a positive force. There is a crisis in government and citizens are losing confidence and trust in government at all levels. Today the predominant image of bureaucracy and government is that it is slow, inefficient, and impersonal. Few would disagree with the authors that confidence and trust in government has fallen to record lows in recent years. The second main message in the book is that our society now desperately needs a new vision of government—a new paradigm—that will replace the one developed by the Progressives. As the academic community would say, the authors want a paradigm shift.

An interesting question emerges from the numerous illustrations of successful entrepreneurial government used throughout the book: Why have some governments been able to adopt the entrepreneurial spirit and strategies more readily than others? Factors, such as leadership, the political pressure received from the citizens to change, the wealth
and other resources in the community that are needed in order to make things work, and particularly the critical mass of corporations and businesses that are needed for government to be able to experiment and use various co-ventures. It may simply be easier to be successful in a middle/upper class community like Visalia, California, than in East St. Louis, Illinois. It may be that one must look at both failures and successes in order to understand the broader question of why some governments have more of a capacity to be entrepreneurial than others.

Osborne and Gaebler have essentially expressed the view that bureaucracy is broken beyond repair. In order to assess their solution of a total reinvention of bureaucracy based on an entrepreneurial model, it is important to look at how Osborne and Gaebler's model has been implemented in society. From there, conclusions of its apparent success or failure can be drawn. The following chapter offers such an analysis. The focus will be on administrative discretion and privatization, with a specific look at how the entrepreneurial model has effected nursing homes and child care. A special look at how privatization has been utilized by past administrations will be offered as well.
IV. SELECTED CONSEQUENCES OF MODERN REFORM TRENDS

The "Problem" of Administrative Discretion

Bureaucracy is often seen as the core of modern problems. One solution is to replace bureaucratic power with market mechanisms. This process inevitably involves controversial practices such as deregulation and privatization. As Gaebler and Osborne proposed in their book, reinvention mechanisms include transferring more public responsibilities to the private sector, contracting out more of the functions that remain in public hands, increasing competition among public providers of services, and encouraging public managers to behave more entrepreneurially by increasing the incentives for good performance. According to most modern proponents of bureaucratic reform, the key to the above changes is that marketlike competition produces better results than government monopoly power. In other words, if the government is to have responsibility for a job, it ought to be subject to competitive pressures.

Bureaucratic reform movements have sprung from the inadequacies of the Progressive design. Most theories have emphasized the importance of four interrelated phenomena: the risk that the exercise of bureaucratic discretion and power will distort the public interest, the efforts of
elected officials to seek to control this power, related efforts within the bureaucracy to direct administrative discretion, and the problems of balancing these controls with workers' need for motivation. 113

Discussions of how concerned citizens might hold bureaucrats and their agencies accountable often contain an implicit assumption that more accountability and control are needed in order to keep these officials "in line"—that their natural tendency is to "go astray" unless closely watched. 114 There is no question, of course, that in our system of checks and balances, every government entity must ultimately be held to account. In recent decades, however, that principle seems to have acquired an additional dimension that is not necessarily accurate. Many people seem to assume that administrative discretion can only be abused, at the expense of the public interest, and can serve no useful or constructive purpose. Many also complain that neither Congress nor the president are able or willing to control administrative actions fully or effectively. This point of view seems to suggest that elected officials can act only beneficially, while administrators can be expected to act only in a narrowly focused, inefficient, destructive, and otherwise irresponsible fashion. 115 Yet there is reason to wonder if this view of discretion is valid.
Administrative discretion was an important element in the thinking and writing of administrative reformers of a century ago. Woodrow Wilson, one of the foremost reformers, argued in his classic essay "The Study of Administration" (1887) that administrators should be granted "large powers and unhampered discretion"--both "administrative energy and administrative discretion"--as essential elements of their functioning in accordance with the notion of "political" neutrality. His expectation was that given the opportunity, administrators would exercise competent professional judgment as they carried out their assigned duties. This would serve the public interest (because sound public policy would result) and, in turn, the interests of elected officials of either political party (who could then take credit for effective governance). In sum, he saw discretion as necessary for administrative effectiveness as well as political neutrality.

One of the most prevalent concerns over bureaucratic discretion is related to the "iron triangle" model. Public-private connections have caused intense concern because the opportunities for and the effects of administrative indiscretion by public officials are, today, far better understood. Administrative discretion is the base for real administrative power that is hard to control. The large funds of private interests, the number of congressional
subcommittees, and the intricacy of policy decisions all make it much easier for policymaking to become dominated by a handful of players.\textsuperscript{116}

The iron triangle model raises serious question about relying on the private sector to reform public processes. Private competition may provide more incentives for efficiency than public monopoly, but it also increases the danger that private interests will dominate the public policy process.\textsuperscript{117} The danger of capture of the public interest by private money is well understood. So too are the virtues of private competition. Far less well understood is how these two ideas collide: how using private competition can increase the odds that private, not public, interests will dominate bureaucrat's decisions.

The Progressives assumed that the civil service reforms of the Pendleton Act would ensure accountability in the public service.\textsuperscript{118} These values laid the foundation for staffing government with experts and improving its efficiency. It has turned out, however, not to be so easy to ensure rectitude and accountability in our public agencies.

Relationships between public and private sectors that become too cozy obviously threaten the integrity of the administrative process. Because the iron triangle structure creates a natural context for forbidden deal making, a vast
network of regulations now controls the behavior of government officials and the private sector representatives with whom they come into frequent contact. These rules do promote rectitude and accountability, but they do so by compromising morale and efficiency.\textsuperscript{119}

Administrative discretion has one very positive aspect: program managers are frequently better prepared than legislators to make decisions on the basis of the broader public interest—and most administrators do so, most of the time. Interference with administrative discretion by congressional restraints and controls actually brings about the kind of narrow responsiveness to private interests which such controls seem designed to prevent. There are two reasons for this. First, very often "interest groups usurp public power through congressional committees,"\textsuperscript{120} exercising considerable influence through both subsystems and issue networks. Second, as noted previously, legislators are strongly inclined to look after their own policy priorities and constituency interest; in the process of doing so, they pressure administrators to conform to their wishes. Thus, it is possible that if oversight of administration is left to legislators acting primarily in their committee roles, the actions taken by administrators may be more narrowly conceived and implemented than would be
the case if those same administrators were given more freedom.

This is not a call for the complete autonomy of administrators. There is ample reason to be as concerned about abuses of power, or fraud, or corruption among public administrators as among any other government officials. However, a need has arisen to place greater implicit faith in administrators than is currently granted to them, if the public truly wants them to be able to act responsibly. Under these circumstances, it would still be possible to hold them ultimately accountable, consistent with the scheme of government and with public expectations for accountability—and at least as effectively as is done at the present time.¹²¹

The "Solution" of Privatization

While Gaebler and Osborne did not advocate a move towards wholesale privatization, their model does call for increased privatization. Therefore, it is important to understand the privatization concept and its ramifications. First, privatization encompasses an extraordinary range of activities involving the delivery of physical services, the delivery of social services, and even regulatory enforcement. When deciding whether to privatize, how to
privatize, and with whom to privatize, policymakers should keep a number of criteria in mind.

Privatization is a tool of government. As Butler defines it, "Privatization is the shifting of a function, either in whole or in part, from the public sector to the private sector." Privatization is often justified as an effort to reduce the costs of government. In other instances, it seeks to reduce the size and scope of government. In other instances, it seeks to improve the performance and effectiveness of government.

Privatization is not a new phenomenon. Contracting out, for example, has occurred since the early days of the Republic. However, privatization attracted considerable interest and attention during the 1980s, thanks to strong support from the Reagan administration in the United States and the Thatcher administration in the United Kingdom. During the 1990s, it has reemerged as an important issue in the United States as various governments seek to "reinvent" themselves and after the Republican Party regained control of both houses of Congress.

The current approach to privatization is largely pragmatic. Instead of treating privatization in ideological terms, the focus is on the when, how, and to whom of privatization. In addition, privatization is
treated as an alternative to particular situations, and not a cure all for bureaucratic problems.

Privatization is a multifaceted phenomenon. It includes activities as routine as a local government's decision to contract out food or computer services provided in city hall and activities as momentous as a proposal that the federal government sell Amtrak or the Tennessee Valley Authority. It includes activities as innocuous as a decision to allow food stamp recipients to purchase food at the grocery store of their choice; activities as controversial as a proposal to permit parents to send a child to the private school of their choice.

During the 1970s, new political leadership looked to the private sector for ideas, advice, and helping hand in implementing new approaches to management in government. For example, President Reagan, in his administration, highlighted the role the private sector would be asked to play. Indeed, the featured private-sector-led initiatives in eighty-four speeches, public appearances, or similar events during his first twenty-two months in office, an average of about once a week.124

The conservative ideology has close ties to the business community, which believes that when a firm becomes "fat" it tends to make poor decisions, waste resources, and drift toward uncompetitiveness until bankruptcy results. To
stop the drift, competent managers must be brought in to cut costs, eliminate waste, cut out unprofitable product lines, and return the firm to a competitive footing. This process is labeled "turnaround management." Thatcher and Reagan were convinced that the bureaucracies they invigorated had become "fat," and both leaders turned, albeit to varying degrees, to senior business executives to introduce turnaround management to government operations.\textsuperscript{125}

Co-opting the private sector as an ally had the added benefit of lessening the chance of being captured by the bureaucracy. This was particularly important for the new political agenda called for deprivileging the public service and for more decisions to be taken by the market. The goals of the new political leadership were obviously threatening to public servants. Dead aim had been taken at their jobs, their benefits, and the programs they presumably believed in. To be sure, undoing the Keynesian consensus meant there were fewer opportunities for advancement and less interesting work for public servants to fine tune the economy and the bureaucracy.

Thatcher and Reagan believed in the private sector perspective. This view advocated the means of management and intervention used in the private sector are superior to those of the public sector, and that whenever possible the
public sector should either emulate the private sector or simply privatize the function.126

One of the largest questions concerning privatization in the reform movements of the 1990s is over whom to contract out to. Government officials must decide whether to contract out to a for-profit firm or a nonprofit organization. They must choose between the second and third sectors, as they are sometimes called.

In Reinventing Government, Osborne and Gaebler argue persuasively that different sectors are better suited for different tasks. They then proceed to specify the tasks at which the private (for-profit) sector excels:

When tasks are economic in nature or when they require an investment orientation, the private (for-profit) sector is far more effective than either the public or third sector. It is also far better at replicating successful experiments, because the profit motive attracts investors and drives private companies to imitate their successful competitors.127

In contrast, the nonprofit sector excels at tasks that:

- generate little or no profit margin;
- require compassion and commitment to other humans;
- require a comprehensive, holistic approach;
- require extensive trust on the part of customers or clients;
- require volunteer labor;
- and require hands-on, personal attention such as day care, counseling, and services to the handicapped or ill.128
At first glance, the above criteria seem eminently reasonable. Where efficiency is the sole or primary goal, they imply a strong role for the non-profit sector. Where other considerations are paramount (equity, sensitivity, responsiveness), they imply a strong role for the nonprofit sector. Yet, if Osborne and Gaebler are correct, numerous government officials in the U.S. have made some very bad contracting decisions over the years.

Many social services that call for compassion, trustworthiness, and the ability to reach diverse populations are routinely provided by for-profit firms. A closer look at the social services sector reveals a very high profile for the for-profit sector in at least two areas: child care and residential care. Furthermore, the role of the for-profit sector appears to be growing in several important areas. During the 1980s, the role of the for-profit sector increased more rapidly than that of the government or the nonprofit sector in hospital care, outpatient clinic and home health care, social services, and higher education. The role of the for-profit sector in nursing home care slipped, but for-profit firms remain the leaders in this field.
Privatization Case Study: Nursing Homes & Child Care

Should we be concerned about the growth of the for-profit sector in these areas? That depends in part on whether Osborne and Gaebler's generalizations are true. Is the for-profit sector so obsessed with "the bottom line" that quality suffers? Does the for-profit sector demonstrate less caring behavior that the non-profit sector? Does the for-profit sector have difficulty dealing with diverse populations?

In two areas—nursing home care and child care—it is possible to begin to answer these questions. According to Weisbrod, nonprofit nursing homes perform better than for-profit homes.\textsuperscript{130} Relatives of patients at the nonprofit homes were more satisfied with the buildings and grounds, treatment, services, relations with staff, and social activities. In addition, nonprofit homes were far less likely to administer sedatives to patients—a practise that could be construed as a cost-cutting device. According to a variety of measures, the performance of nonprofit facilities for the care of the mentally handicapped was also superior. The findings on facilities for psychiatric care were mixed.

The evidence on child care is even more compelling. A nationwide survey of 2,089 group day care centers, conducted in 1990, reveals significant differences between for-profit and non-profit providers.\textsuperscript{131} At for-profit centers, the
teachers receive lower wages and turnover is higher. At for-profit centers, child/staff ratios are higher and staff credentials are less impressive. For-profit centers are also less likely to care for disadvantaged children. This is not surprising, since for-profit providers have been reluctant to locate in low-income neighborhoods.\(^{132}\)

This seems to confirm the suspicions voiced by Osborne and Gaebler. It also suggests the need to reverse course and reduce the role played by for-profit firms in providing health care, child care, and similar services. The differences between the for-profit and nonprofit sectors may reflect different priorities and goals. But they may also reflect different levels of external support. Also, in certain industries, such as child care, there is a need for all the responsible providers that can be gotten.

It is also important to stress that nonprofit organizations are not equally virtuous. In particular, religious organizations seem quite distinctive. Interestingly enough, their distinctiveness has different implications in different areas. In his study of nursing homes, Weisbrod found that religious nonprofits applied an extra measure of devotion to caring and healing tasks.\(^{133}\)

In contrast, religious day care centers may be weaker in some respects than other day care centers. For example, religious day care centers are less likely than other
nonprofits to care for disadvantaged children. Indeed, religious day care centers are somewhat less likely than for-profit firms to care for disadvantaged children.\textsuperscript{134}

Overall, it may well be that the nonprofit sector has advantages over the for-profit sector in delivering health, education, and welfare services. The nonprofit sector may be somewhat more likely to experiment and to offer diverse services.\textsuperscript{135} The nonprofit sector may be somewhat more willing to assist the needy and to serve diverse populations. Clearly, however, these and other hypotheses must be further tested before dismissing for-profit firms as ill-suited to these policy areas.

**Summary**

In thinking about privatization, it is customary to begin and sometimes end with the goal of efficiency. Undoubtedly, efficiency is needed both inside and outside government. But it is impossible to discuss privatization fairly without considering other important goals as well. Effectiveness, equity, accountability, legitimacy, quality, reliability, empowerment, and choice are among the other goals that need to be considered.

In looking to the private sector for inspiration, Thatcher and Reagan in the 1980s had ideologies that differed radically from that which gave rise to traditional
thinking on public administration. The private sector works from the bottom up, with the hidden hand of the market providing the key signals. Business firms employ the most advanced management practices to interpret these signals and marshal their resources as efficiently as possible to provide a solid base for competing in the marketplace. To be sure, a corporation's senior management will lay down the broad corporate strategy to which everyone down the line must rally, but once the strategy is defined, managers are often free to improvise and to make decisions on the spot, so long as their operations turn a profit. Objectives are easily understood, and senior executives see no reason why they should not delegate authority, as long as the objectives are being met. Since the objectives are straightforward, it is also easy to check on the results.

The public sector works from the top down. According to Wilson's politics-administration dichotomy, those at the top make the decisions, which the lower ranks implement, following carefully prescribed rules and regulations. The word management scarcely appeared in government operations until the 1950s and 1960s with the advent of the Hoover commissions. When it did appear, it was often to signal "management direction," designed to tie "staff closely into a closely organized set of tasks." The term administration, rather than management, best described
government operations; administrators rather than managers were in charge. The role of administrator involved the applying of formalized procedures and somehow reconciling the separate priorities of politics and administration. It is important to recognize that the concept of administration in government acquired its definition when much of the government's work was routine and predictable. When the scope of government activities expanded into various areas, including the provision of goods and services, some people began to question whether traditional administration, with its rule-bound organizations and behavior, was still appropriate to the requirements of the modern state. Such questions were raised by Hoover, Glassco, and Fulton, but in the end these commissions had limited impact on government operations or did not change them in the direction hoped.

As with the Thatcher and Reagan administrations, there is a current push for management discipline in government operations. Again like the previously mentioned administrations, the solution is partly rooted in reducing government bureaucracy by contacting out activities to the private sector and by introducing a new management culture for the bureaucrats who remain. Nevil Johnson explains that the notion of introducing a management culture to government is derived from commercial operations. It has ideological overtones, emphasizes the effective use of resources of all
kinds, is seen as dynamic, and constitutes a remedy for the defects of administration. Christopher Pollitt is more blunt. He argues simply that "managerialism needs to be understood as an ideology.\textsuperscript{138}

To introduce a new management culture to government operations, notwithstanding its strong ideological underpinning, is no small task. Taken at face value, the reinventing government rhetoric sets the bureaucracy against itself. It signals a new mind set, a new vocabulary, and a proliferation of management techniques and procedures to force government operations to become more frugal and more efficient, and it requires public servants willing to make tough management decisions.

Changing the vocabulary is the easy part. Changing a mind set anchored in years of transition and in a firmly entrenched bureaucratic culture is another matter. The following chapter discusses the downfalls of a radical reinvention movement such as Osborne and Gaebler's. In addition, it suggests that modern trends incorporating entrepreneurial paradigms actually set the precedence for reform under the current system, rather than encouraging a complete overhaul of government bureaucracy.
The Mood of Reform

Public innovation has been sweeping public institutions across America. Innovations in property acquisition and leasing, responding to community challenges to waste disposal plans, reducing paperwork burdens, and lowering the costs of computer maintenance contacts are just a few examples of such innovations. Competitive awards celebrating innovative excellence in state and local governments have not lacked for nominations, and university programs devoted to improving government productivity have been busy providing support to officials requesting help with new projects.

For American public administration, in short, necessity has become the spur of change and innovation. Stirred to action by budget cuts attributable to tax revolts and economic downturns, government administrators have responded with creative solutions that challenge the stereotypical image of the recalcitrant bureaucrat. Administrators have begun breaking free of the constraints that have characterized their jobs. Insofar as they have loosened those constraints, they have engaged in deregulating government. In doing so, they have forged ahead of political leaders, academics, and the "good government"
reformers who have traditionally led the charge for changes in public administration.

Recently, the nation has witnessed the conversion of this ad hoc process into a consolidated reform movement, a version of the so-called management revolution that spread throughout corporate America in the 1980s. That revolution also began when managers broke through well-established organizational constraints and market barriers. It first came to the public's attention through Peters and Waterman's *In Search of Excellence*, a study built on observations of what successful companies were doing that made them stand out during a business decline. Even the jargon of the private sector movement, from total quality management and entrepreneurialism to liberation management and learning organizations, has become common wherever public officials meet to discuss reforming government.

The similarities do not end there, for just as a private sector revolution has generated a variety of managerial reforms, deregulating government is but one reform to emerge in response to what is taking place in the public sector. In what ways does this impulse resemble other reform efforts that have gained support in recent years? What are the prospects for significant and sustainable change under deregulation of its alternatives?
Change in government has been promoted by rekindled public interest in administrative reform. The increase in innovative government actions has been one product of this renewed focus. Another has been the development of relevant administrative theories that—separately or together--might provide an intellectual framework for reform.

The conditions that launched the innovative actions in the United States and abroad--economic recession and stagflation, tight energy resources, awareness of environmental degradation, the failure of domestic social and economic policies--also stimulated rethinking about what government is and how it should work. Among the products of that rethinking was the concept of "reinventing government." This concept has received considerable attention in the news media and has attracted a following among public sector professionals and politicians.

Reinventing government lacks the academic underpinning of other theories. Although they draw rationalizations from the advocates of minimal statism and deregulating government, the reinventors take their true inspiration from the experience of practitioners. From such a composite of theory and practice, Osborne and Gaebler coauthored Reinventing Government. The popularity of this book was one of the most visible signs that this movement was widespread.
and had gained momentum. Given its dozens of case studies
drawn from state and local government, the book found a
receptive audience among administrators at those levels. As
Jonathan Walters reports, "lots of state and local officials
are getting plenty done, and reinvention by whatever name is
going on all over the country."142

Ideas posited by Osborne and Gaebler had the
enthusiastic endorsement of Bill Clinton, and many appeared
as major planks in his 1992 presidential platform. Clinton
followed through on those platform promises by creating a
National Performance Review task force headed by Vice
President Al Gore. The theme of "reinventing" was
preeminent in the work of the task force, and when the
group's 168-page formal report was unveiled on September 7,
1993, the inside-the-beltway media attributed principal
authorship to "reinventing government guru and government
consultant David Osborne."143

The National Performance Review, sometimes called the
"reinventing government initiative," takes much of its
agenda, as well as its informal title, from Osborne and
Gaebler. Vice-President Gore outlined the goals of the
review at a press conference on April 15, 1993: evaluate
the efficiency of every federal agency, identify and
eliminate waste and inefficiency throughout the federal
service, streamline the federal personnel system, and change
the culture of federal bureaucracy and empower workers. Some 200 federal employees have become the eyes, ears, hands, and feet of the National Performance Review. They are organized into various reinvention teams. Together they are to gather detailed data and fashion prescriptive analyses on the performance of all federal agencies, addressing themselves in particular to the efficacy of various leadership strategies and management structures. And they were to do all this by Labor Day 1993, at which time the Vice President had promised to unveil the Clinton administration's blueprint for a reinvented government.144

The effort rested on broad public opinion that it is indeed past time to rethink the balance of public and private sector responsibilities. It is time to rearrange the organization of the federal bureaucracy in a way that will shorten internal lines of communication and promote coordination across functional and jurisdictional boundaries. In other words, it was time to decentralize government so as "to facilitate entrepreneurial activity by civil servants and ultimately change the culture of public bureaucracy.145

The results of the 1992 presidential election emphasized the American public's expectation of constructive change. And even a cursory examination of federal management practices demonstrates why this expectation rises
to the level of a demand. No one, however, should underestimate how hard it will be to change patterns of bureaucratic operation, organization forms, and structural constraints that have evolved over the course of a century. Short-term confidence and enthusiasm are obvious requirements. As one bureaucratic academian, John J. DiIulio notes, "The competence and dedication of federal administrators working without fanfare and often without thanks is representative of even higher values." It must not be forgotten that the federal government as it functions today cannot be reinvented because "it was not invented in the first place. The Bureaucracy evolved through pragmatic, almost catch-as-catch-can responses to particular problems as they appeared." It is this development that warns of the need for an incremental, evolutionary, experimental approach to institutional reforms.

Is Public Management Adapting Without Drastic Change?

The advocates of reinventing show no reluctance introducing the virtues of greater reliance on government, once it is reconfigured into reinvented forms. As more traditionalist theorists, the reinventors suggest that reform be accomplished by example and through political means. Their orientation provides the rationale for energizing a politically effective movement. To focus that
energy, they call for revolutionizing how the nation thinks about government and the way things get done. Innovative actions of public officials represent "nothing less than a shift in the basic model of governance in America."

This shift is under way all around us, but because we are not looking for it--because we assume that all governments have to be big, centralized, and bureaucratic--we seldom see it. We are blind to the new realities because they do not fit our preconceptions...What we need most if this revolution is to succeed...is a new frame work for understanding government, a new way of thinking about government.\textsuperscript{148}

Thus, what the reinventing government approach lacks in theoretical originality is made up for with a firm belief in the ability to institute comprehensive improvements through rethinking government and taking advantage of a political situation in which all the conditions for reform are present.\textsuperscript{149}

A theme common to current reform movements is the urge to debureaucratize government administration. Debureaucratization is an idea neither new nor restricted to critics of American government. Frustration among political leaders and others at what they perceive as the more pernicious effects of big government has been endemic worldwide for decades. In the British Commonwealth, administrative reforms such as the new public management have emerged in New Zealand, Australia, and the United Kingdom. Scandinavian nations have embarked on programs to
renew their national administrative systems, and even the highly centralized French government adopted a plan that would endow the providances with greater importance.\textsuperscript{150}

In addition, innovative public programs that have broken free of the constraints of bureaucratic procedures have been common. "America is constantly inventing itself," observed Bruce Smith a decade ago, "and the capacity to invent new ways of accomplishing the public's business has been a great strength."\textsuperscript{151} The working technology of public action greatly expanded between the 1930s and 1960s.\textsuperscript{152} Government contracting and other strategies were adopted at all levels of American government. The responses to the challenges of the times received little attention, but they established a practical legacy for the debureaucratization movement.

\textbf{Classical Bureaucracy Resists Drastic Change}

If the diverse debureaucratization approaches coalesce to form an effective political movement, it will not be the first time. The movement that created the administrative structure so vehemently challenged by the debureaucratizing coalition was itself the product of a coalition that developed after the Civil War when middle-class reformers sought to end political corruption and adopt more businesslike approaches to government administration. By
the early 1900s the coalition had found common ground with both the Progressive movement and the scientific management school. The resulting archetype for government, regarded at the time as a significant improvement, is now itself the target of reform common to the reinventing focus.

Unlike earlier reform movements, in which the focus was the corruption of public officials and the inefficiencies of government, the advocates of debureaucratization are focused on the logic that has defined the work of the public sector and public administration for nearly half a century. Each takes aim at the bureaucratized public sector. Although few would question the significant role played by the bureaucratized public sector in the development of the modern state, it has rarely lacked for critics. Bureaucratization is credited by both friends and foes with having redesigned the social world. Thus when approaching the problems of bureaucratization, the new reformers address problems that go beyond the hierarchical forms of public organizations or the creation of bureaucratic personalities. Too much attention to structures, they contend, leads to mere tinkering rather than substantial change, and attacking the behavior of bureaucrats is akin to blaming the victim. Instead, they focus on the way bureaucratization distorts government and the way it operates.
Bureaucratization can accomplish three closely related tasks. It can reduce uncertainty, it can impose order, and, through appropriate designs, it can constrain and guide the very power its orderliness unleashes. These are desirable functions, but each also generates a challenge to effective governance. Reducing uncertainty means minimizing disruptive forces from outside (competition, for example) and from within the organization (as with innovativeness). Orderliness, brought about primarily through hierarchical structures, has similar stifling consequences and can separate an organization from reality. These negative results have often been reinforced through restrictions that were mostly designed with other dangers in mind.

Redressing these results demands rethinking bureaucratic logic. For many of the new reformers, debureaucratizing requires transformation of ideas, a revolution that changes the model of governance. Promoting debureaucratization through paradigmatic change is the focus of those who advocate reinventing government. They scrutinize beliefs "embedded in the bureaucratic paradigm," including the definitive delegation of hierarchical authority, the uniform application of rules and procedures, the reliance on experts to carry out both line and staff functions, a narrow definition of primary responsibilities, and the efficiency of having he centralized staff exercise
"unilateral control over line agencies' administrative actions."

In the U.S., the work of Osborne and Gaebler and its emphasis on reinventing government informed the 1992 presidential election. Despite the Clinton victory and the current administration's emphasis on government as a problem solver, clearly it will not be business as usual for the public service and its members. "Reinventing" means fundamental redesign of the system of government; the civil service system, with its years of accumulated rules and regulations, is a primary target.

Nevertheless, much of the prescriptive content of the reforms in the U.S. and elsewhere has not flowed from research or systematic analysis of public organizations. Rather, it has emerged from advocates of private sector change models or from the experience of a limited number of case studies, most of them focused on local government. Further, many of the proposed reforms advocate a role for the public service and its members that is in conflict with much of the history of public administration in the U.S. As a result, proposed reforms have posed significant theoretical issues, which have not been addressed in reform debates.157
The Need for Theory

With debureaucratization as a common theme, the reinventors seem to have the potential to amass the theoretical and strategic resources needed to launch a reform movement.\(^\text{158}\) Launching a movement and succeeding, however, are not the same. To succeed, they must do three things: offer a viable agenda for reform, which means they must get their theory in order; establish the movement as a credible political force; and move cultural and institutional biases away from supporting the dominant bureaucratic paradigm.

The main objective for reinventors is to establish specific proposals if they are going to get beyond rhetoric. Therefore, the need to create an agenda to act on, one that can be explained to policy makers and the public and packaged as actions for legislators, executives, or managers is needed. To create such an agenda, the reinventors must develop a reasonably coherent theoretical structure for their alternative to the bureaucratic paradigm.

The reinventors offer little theoretical underpinning, relying on anecdotal evidence and theory borrowed from others. A sophisticated theory, however, does not necessarily translate into a viable agenda for reform. Reform requires public understanding and support, and all too often it has been the more vacuous theories that have
worked best before mass audiences. Furthermore, prescriptions engendered by a well-articulated theory might prove politically and technically infeasible.

The consequences of abandoning the effort to construct a theory and allowing the political agenda to proceed on its own was amply demonstrated by the steps taken early in the Clinton administration to launch its program for reforming government. Lacking a coherent theory, as presented by Osborne and Gaebler, the reinventors had not presented a useful agenda for President Clinton to act on. As a result the administration's initial steps, under the banner of reinventing government, were a hodgepodge of initiatives, many of them based on questionable assumptions.

What Will It Take to Achieve Reform?

What does it take for an administrative reform movement to be taken seriously in the American political arena? Despite the constant concern with administrative reform in contemporary American politics, successful movements can be counted on one hand. If the measure of a successful reform is defined as the establishment of a new administrative culture, then success has occurred only twice since 1787, the institutionalization of the spoils system (1820s-80s) and its replacement by the bureaucratic paradigm associated with the Progressive Era. The two cases differ in
indications of what constitutes credible politics for promoting a reform movement. The first was tied to a partisan political program; the second evolved over several decades, relying on a variety of organizational and political strategies.

A crucial factor in a mobilization effort is leadership, and several roles can emerge during a movement. Leaders in developing the beliefs upon which the movement is based are important, as are those who mobilize members. To the extent that the movement has an organized component, it will need organizational leaders who will be concerned with the stability, growth, and tactics of the group. Political leaders will also arise within the movement to represent factions that might have strategical or ideological differences with other factions. Even prestige seekers, leaders engaged in maintaining the prestige of the organization or movement in the public eye," are needed. 162

As a political force, debureaucratization has not developed so far as to need a formal organization, although it has from time to time and place to place been associated with other organizations (for example the reinventors' links with the Democratic party under Clinton). There are leaders who can be labeled formulators, but their contribution has been limited to writing books and articles, giving speeches, and providing advice, formally or informally, to
policymakers. What is missing is a mobilizing leader, someone who can bring the diverse elements of the movement together into some organizational form. For now, these leaders have met with limited success.

The problem faced by potential mobilizing leaders is that administrative reform does not have the appeal of other issues. This was brought out most clearly by what Clinton campaign officials called the "Speech He Never Gave":

It was the one on 'reinventing government' or 'entrepreneurial government,' or the 'New Paradigm,' depending on the buzz phrase you choose to describe the theory...It's not that Clinton wasn't itching to talk about the subject...What held Clinton back was the fear of putting audiences to sleep with an arcane discussion of applying the ideas of management gurus...to federal institutions. So he kept his discussions about the specifics of reinventing government private.163

Without a mobilizing leader or some other force to get the agenda in front of the public, the debureaucratizing movement will remain in the "incipient phase" of its development. With effective leadership it would achieve "enthusiastic mobilization," which would then be followed by a "period of institutionalization and organization."164

As the example of the Progressive reformers demonstrates, however, although mobilizing leaders like Theodore Roosevelt or Robert LaFollette are needed, a credible movement can still develop without a unified organizational base. For the Progressives there were
various jurisdictions (local, state, and national) and institutional contexts (electoral systems, legislature, executive branch, and even judiciary) through which to affect reform. As Neil Smelser observes, "the history of any given movement--its ebbs and flows, its switches, its bursts of enthusiasm--can be written in large part as a pattern of abandoning one method which appears to be losing effectiveness and adopting some new, more promising method."165

Still, the political success of debureaucratization will depend heavily on the development of mobilizing leadership. This can be a role President Clinton or even a leader of the partisan opposition such as Jack Kemp might play. But tying the reform agenda to either party does not bode well for long-term success. It would be more fruitful if the leadership of both parties supported the movement, a cooperation that worked well for the Progressive reformers. Short of that, the support of the party in power will have to suffice.

A viable agenda and political clout are necessary, but little reform will be achieved in the long run without addressing the dominance of the bureaucratic paradigm. There are other obstacles to be overcome, but the bureaucratic orthodoxy must be dethroned: "if the dogma survives any successful innovative arrangements will be
regarded as but exceptions to good practice." Indeed, the bureaucratic model may be stronger than the intellectual and political power or the reinventors. It has intellectual roots that link it with the academic study of public administration, it has the ability to generate solutions to administrative problems that are feasible and workable, and it is compatible with the political culture and institutional context of contemporary government.

Part of the problem facing reformers is that the emergence of public administration as a field of study was closely linked to the efforts of Progressive reformers to establish the bureaucratic paradigm as the dominant model of governance for the United States. Most histories trace the academic roots to Woodrow Wilson's 1887 essay, "The Study of Administration," which urged systematic investigation of the business side of government. The goal was to discover principles that could be applied to promote efficient government operations. At the same time, Wilson implicitly outlined the bureaucratic paradigm. Besides the classic separation of administration from politics, a pervasive premise was his assumption that administration must be rooted in a centralized and unified authority. He also advocated creating "a corps of civil servants prepared by special schooling and drilled, after appointment, into a
perfected organization, with appropriate hierarchy and characteristic discipline. ¹⁶⁸

Although the wisdom of Wilson's doctrine can be questioned, its intellectual impact cannot. The urge to establish firm principles of public administration and the widespread assumption that good administration had bureaucratic characteristics created a close association between paradigm and field. ¹⁶⁹

Significant challenges to the classical approach to the study of public administration emerged during the 1930s, and by the 1950s a logical-positivist model was well on its way to replacing the scientific search for principles. ¹⁷⁰ Nevertheless, the bureaucratic paradigm had been set and has thrived as the conventional wisdom in public administration. Though scholars stress limitations, no substitute body of normative ideas on how to organize a bureaucracy has taken their place. Consequently, consultants and committees charged with recommending large governmental reorganizations still regularly fall back upon them. ¹⁷¹

Those who have studied public administration know that it takes more than reasoned criticism, an alternative theory, or a research program demonstrating the need for an alternative to overcome the orthodoxy. All those weapons have been used. The paradigm remains resilient in the face
of evidence generated against it by the very science created by those associated with establishing it.

One reason for its strength is that the bureaucratic paradigm continues to be a source of solutions to administrative problems. Academics may point out logical fallacies and contradictions in the model, but government administrators are more interested in what works. "The decisive reason for the advance of bureaucratic organization," observed Max Weber, "has always been its purely technical superiority over any other form of organization."\(^{172}\) That superiority is found in the bureaucratic organization's ability to provide a stable and simplified environment for carrying out administrative tasks. The productive capacities of the organization comes from its ability to reshape or control difficult situations.

Those who challenge the orthodoxy acknowledge some continuing value of the bureaucratic approach but believe that value is severely limited in today's turbulent environment. Osborne and Gaebler, for example, speak of bureaucracies as creatures of the past that worked superbly, in crisis, when goals were clear and widely shared, when tasks were relatively straightforward, and when virtually everyone was willing to pitch in for the cause...Bureaucratic institutions still work in some circumstances. If the environment is stable, the task is relatively simple, every customer wants the same service, and the quality of performance is not
critical, a traditional public bureaucracy can do the job.173

But those preconditions, the authors contend, now exist for only a few public agencies (social security and public libraries, for example). "Most government institutions perform increasingly complex tasks, in competitive, rapidly changing environments, with customers who want quality and choice."174

These statements reflect a lack of appreciation for the popularity of bureaucratic solutions among public sector managers and the power of bureaucratic organizations to reconfigure their working environments in order to achieve the appropriate kind of environmental stability and uniformity.

Despite Osborne and Gaebler's argument, the use of bureaucratic methods continues to be widespread and is not limited to stable environments and simple tasks. What is perceived as a movement away from bureaucratic forms is more likely a movement toward bureaucratic forms that are compatible with the shifting demands of the public sector. Many and varied public sector species have been produced from the bureaucratic genus.175 While they are unquestionably bureaucracies, government agencies are not the archetypal bureaucracies described by Max Weber. Many of these variations are the products of institutional contexts, others reflect the policies surrounding their
establishment, and still others have been adaptations in the face of change. Thus what Osborne and Gaebler mistake for the decline and growing irrelevance of bureaucracy is actually adaptation. The variants differ somewhat from the classical model, but they retain some of the primary characteristics that made bureaucratic methods such a potent force.

The bureaucratic paradigm continually demonstrates its superiority over alternative approaches by doing more than merely creating organizations that fit their environs; it transforms itself and its environment to render challenging situations more manageable. As an organizational methodology, bureaucracies can transform difficult conditions to more simple, placid states or can adapt their own organizational forms to environmental features conducive to bureaucratic stability. Consider, for example, redundant bureaucracies, two agencies or programs that perform the same function. Although contrary to some of the most fundamental principles of the bureaucratic paradigm, redundancy is widely accepted in practice and theory as a potential bureaucratic solution to some situations. When appropriately designed and applied, redundancy not only provides backup where service might be interrupted, but also may improve service delivery and reduce the risks of accidents.
Max Weber understood the power and implications of bureaucracies' transformational qualities: "Once fully established, bureaucracy is among those social structures which are the hardest to destroy."178 The staying power of bureaucratic solutions is manifest in their ability to adopt widely varying responses to a shifting environment—from responses that build solutions using current organizations and programs to those that develop innovative solutions, within the confines of the general bureaucratic paradigm.179

The success of these adaptations may be the real story behind the cases cited by Osborne and Gaebler and others because the innovative and entrepreneurial actions taken by practitioners have often been fostered by the very same bureaucratic contest that seemed so impenetrable and intransigent. Thus while some might regard the examples Osborne and Gaebler use as demonstrating the possibility of a nonbureaucratic paradigm, others see in them a reaffirmation of the bureaucratic capacity to adapt.

Despite the potential drawbacks to relying on nonbureaucratic methods, bureaucracies remain the primary means for dealing with administrative tasks. Turbulent environments have certainly challenged the capacities of the bureaucratic paradigm, but there is no indication that it has failed as an adaptable way of dealing with most of the challenges facing government administrators.
The impression that the bureaucratic paradigm is relevant to the challenges facing government administration is strengthened by its operationality and feasibility. These awkward terms reject major criteria most practitioners apply to any suggestions for reform: can they be translated into realistic programs both technically and financially?

In a 1992 meeting of public officials and academics called to discuss the reinventing government agenda, a recurring criticism of Osborne and Gaebler's book was that it did not adequately describe "the process by which change occurs, offering instead such obfuscatory terms as paradigm shift and such seemingly oversimplified notions as steering, not rowing." It is one thing to talk about change, another to do something about it. Although practitioners might welcome an alternative to the bureaucratic orthodoxy, they are unlikely to accept one that does not provide some practical suggestions.

Feasibility raises different but related concerns. Unless conditions are ripe, no reform program will be taken seriously, and a large number of conditions come into play. One study of common barriers to productivity improvement listed three dozen potential obstacles to public sector innovations. Some are rooted in general conditions and range from legal restrictions and political considerations to the short time horizons of the public and elected
officials. Even more barriers can block organizational changes from within. And there are personal barriers, reflecting the fact that ultimately change must depend on the people who enact it. Considering all these potential obstructions, it seems a miracle that change occurs at all.

The bureaucratic paradigm has a considerable advantage over any competing paradigm, both operationally and feasibility. The fact that bureaucratic reforms can take place within existing bureaucratized contexts is the principal advantage. Incremental or complementary innovations are likely to be easier than the radical ones that would be required for a shift to nonbureaucratic methods. For example, Osborne and Gaebler would replace "administrative mechanisms" with a combination of market mechanisms and community empowerment. Markets would bring efficiency and effectiveness, while empowered communities would provide the "warmth and caring" that markets lack. But while offering examples to emulate, Osborne and Gaebler fail to elaborate on the means for achieving them.

Ironically, the reforms that would bring about such innovations would require that government create the right conditions—changing market rules, sharing private sector risks, shifting public investment policies, and so forth. In other words, government would have to engage in a radical transformation to create or improve market mechanisms and
community groups while terminating administered programs and probably dislocating people currently served. Implementing changes within existing programs that would sharpen bureaucrats sensitivity to those they serve would seem more attractive. And there is no shortage of ideas for how to implement such changes. For all its problems, the bureaucratic paradigm remains compatible with America's institutional norms and the cultural values that undergird them.

As chapter one denotes, bureaucracy is an essential institution for everyone in society. Due to its importance, it is critical to understand the concepts which make up such an imposing and intricate institution. Chapter two discussed a selection of reforms of the bureaucratic model which have brought the model up to current times and conditions. Chapter three presented the basic tenets of the entrepreneurial model, while chapter four analyzed how just two of the entrepreneurial reforms have impacted societal programs. Finally, in chapter five, it was concluded that classic bureaucracy has shown an amazing resilience to remain functional in modern times. Despite its age, classical bureaucracy has been able to serve the public well due to modifications from previous reform movements. The evolutionary characteristic of bureaucracy suggests that reformers, such as Osborne and Gaebler, work towards a more
lasting, incremental change to infuse innovation in classic public management. Bureaucracy was receptive to the brief and limited experimentations by the Clinton administration which sought to increase efficiency and effectiveness as delineated by Osborne and Gaebler's model. This receptiveness suggests that classical bureaucracy already has the ability to incorporate functional modifications without institutional reinvention.
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