

Presentation by Dr. Róbinson Rojas Sandford

For Session 10 of module

Managing and Planning for Development: International and National Dimensions

(Academic year 2011-2012)

10 - New Public Management. A market friendly type of public administration? A critique

**New Public Management. A market friendly type of public administration?
A critique**

**When national and local
governments become big
corporations for profits and
citizens are considered customers**

New Public Management: a critique

From late 1980s through the 1990s the World Bank and the governments of United States (Ronald Reagan) and the United Kingdom (Margaret Thatcher) began to group rules and concept for creating a new type of management in public administration not only to be applied in industrialized countries but also in developing countries.

By 1994, the new administrative gospel was in place. P. Dunleavy and C. Hood published “From Old Administration to New Public Management”, in “Public Money and Management”, July/Sept. 1994

New Public Management: a critique

P. Dunleavy and C. Hood wrote five principles for NPM:

- 1) Reworking budgets to be transparent in accounting terms, with costs attributed to outputs not inputs, and outputs measured by quantitative performance indicators;
- 2) Viewing organisations as a chain of low-trust principal/agent relationships (rather than fiduciary or trustee-beneficiary ones), a network of contracts linking incentives to performance;

New Public Management: a critique

- 3) Disaggregating separable functions into quasi-contractual or quasi-market forms, particularly by introducing purchaser/provider distinctions, replacing previously unified functional planning-and-provision structures;
- 4) Opening up provider roles to competition between agencies or between public agencies, firms and not-for profits bodies;
- 5) Deconcentrating provider roles to the minimum feasibly sized agency, allowing users more scope to 'exit' from one provider to another, rather than relying on 'voice' options to influence how public service provision affects them.

New Public Management: a critique

M. Mayo, 1997, "Imagining tomorrow. Adult education for transformation", NIACE, Leicester, summarized:

“Once the free market economy is functioning effectively, the benefits of economic growth can also be used for a degree of social spending.

“But social spending must never be allowed to hamper the essential needs of the economy, or to divert disproportionate resources away from productive investment.

“In particular, public expenditure must be kept firmly in check, and government intervention must be strictly contained...

“...so that market mechanisms do not suffer from undue interference...

“...constraining market mechanisms would, it is argued, jeopardise economic growth”.

Public Administration and New Public Management: a comparison

In June 1999, Professor Nancy Roberts,
Department of Systems Management,
Naval Postgraduate School (U.S. Navy),
read a draft of a paper to be presented at the International
Public Management Network workshop in Siena, Italy, July
28-30, 1999.

The paper (Research Methodology for New Public
Management) identified 13 “dimensions” for a comparative
look at public administration and new public management

Here they are....

Public Administration and New Public Management: a comparison

Dimensions	Public Administration	New Public Administration
1.- Agency	Emphasis on Laws, Institutions Environment, Political Processes	Emphasis on Competitive Markets, Individualistic Self Interests , Customer Orientation
2.- Key Success	Equity, Responsiveness, Political Factors Prominence	Efficiency, Effectiveness, Customer Satisfaction, Adaptation to Change

(Roberts, N. and R. Bradley, 1999, “**Research Methodology for New Public Management**”, Siena Papers)

Public Administration and New Public Management: a comparison

Dimensions	Public Administration	New Public Administration
3.- Values	<p>Public Interest,</p> <p>Concern Over Conflicts Between Bureaucracy and Democracy,</p> <p>Stress Differences Between Public and Private Sectors</p>	<p>Service Quality,</p> <p>Agency & Management Accountability,</p> <p>Minimize Differences Between Public and Private Sectors</p>
4.- Leadership	<p>Political and Policy Elites and Separate Political and Administrative Spheres</p>	<p>Agency General Managers Given Autonomy and Authority in Performance</p> <p>Contracts with Politicians</p>

(Roberts, N. and R. Bradley, 1999, "Research Methodology for New Public Management", Siena Papers)

Public Administration and New Public Management: a comparison

Dimensions	Public Administration	New Public Administration
5.- Planning	Specification of Constraints and Justification of Costs	Specification of Mission, Strategic Intent, Vision, Goals and Customer-Driven Outcomes
6.- Structure	Functional Hierarchy with Centralized Decision Making	Networks of Self-Organizing Teams with Decentralized Decision Making

(Roberts, N. and R. Bradley, 1999, "Research Methodology for New Public Management", Siena Papers)

Public Administration and New Public Management: a comparison

Dimensions	Public Administration	New Public Administration
7.- Jobs	Standardized, Specialized, Formalized	Multi-Tasked and Redesigned to Focus on Outcomes
8.- Technology of Work	Routinized with Standard Operating Procedures and Sequential Processing	Non-routine, Customized, Reengineered Based on Processes, Contracted Out and Co- Produced with Public- Private Partnerships

(Roberts, N. and R. Bradley, 1999, "Research Methodology for New Public Management", Siena Papers)

Public Administration and New Public Management: a comparison

Dimensions	Public Administration	New Public Administration
9.- Rewards	Rule and Regulation Based	Incentive Based and Dependent on Reaching Operating Targets
10.- Training	Learn Rules	Develop Mastery

(Roberts, N. and R. Bradley, 1999, "Research Methodology for New Public Management", Siena Papers)

Public Administration and New Public Management: a comparison

Dimensions	Public Administration	New Public Administration
11.- Information Processing	Low-Minimal Computerization	Computerized Information Management (Object- Oriented Databases, Expert Systems, Networked Information Systems)
12.- Financial Management - Measures and Controls	Spending Plans, Cash-Based Accounting Models, Input & Process-Based Measures of Performance, Ex-Ante Controls (based on forecasts rather than actual results)	Responsibility Centred, Cost-Based Accountancy, Activity-Based Costing, Output and Outcome Based Measures of Performance, Ex-Post Controls (based on actual results rather than forecasts)

(Roberts, N. and R. Bradley, 1999, "Research Methodology for New Public Management", Siena Papers)

Public Administration and New Public Management: a comparison

Dimensions	Public Administration	New Public Administration
13.- Culture	Minimize Risks, Follow Rules and Procedures, Maintain Order and Stability	Manage Risks, Identify and Solve Problems, Improvement and Change Oriented

(Roberts, N. and R. Bradley, 1999, "Research Methodology for New Public Management", Siena Papers)

New Public Management: a critique

In 1999, the Latin American Centre for Development Administration, CLAD, published a strong criticism of New Public Administration, saying:

-”an examination of New Public Management ... shows that structural adjustment, whose ultimate objective was State downsizing, failed to resolve the set of basic problems faced by Latin American countries...”

-”in regard to public administration, the measures stressed downsizing, efficiency at any cost and a direct parallel between the public administration and business administration.”

-”...optimisation of public resources without offering good service or solving social problems is incompatible with the values we are defending...”

New Public Management: a critique

In 1999, J. Gray, professor of European Thought at the London School of Economics, in his book “False Dawn. The Delusions of Global Capitalism”, Granta Books, London, pp. 39-44, explain the effects of implementing New Public Management in a strong economy:

“The neo-liberal experiment in New Zealand is the most ambitious attempt at constructing the free market as a social institution to be implemented anywhere this century...

“It is a clearer example of the costs and limits of reinventing the free market in a late-twentieth century context than the Thatcherite experiment in Britain...”

“...among the many novel effects of neo-liberal policy in New Zealand has been the creation of an underclass in a country that did not have one before...”

New Public Management: a critique

J. Gray, added:

“In 1984, exchange controls were abolished and the currency floated, control on prices, wages, interest rates, rents and credit scrapped...

“subsidies to exports were removed, import licenses abolished and all tariffs massively reduced...

“most state-owned enterprises and assets were privatised...

“...full employment was abandoned as an objective of public policy in favour of the monetarist goal of price stability...

“...the result of a decade of structural adjustment was a deeply divided society...

“...in this process of what might be termed “the privatization of power”, citizens were reduced to consumers in the economic rather than the political market-place...

New Public Management: a critique

J. Gray, continued:

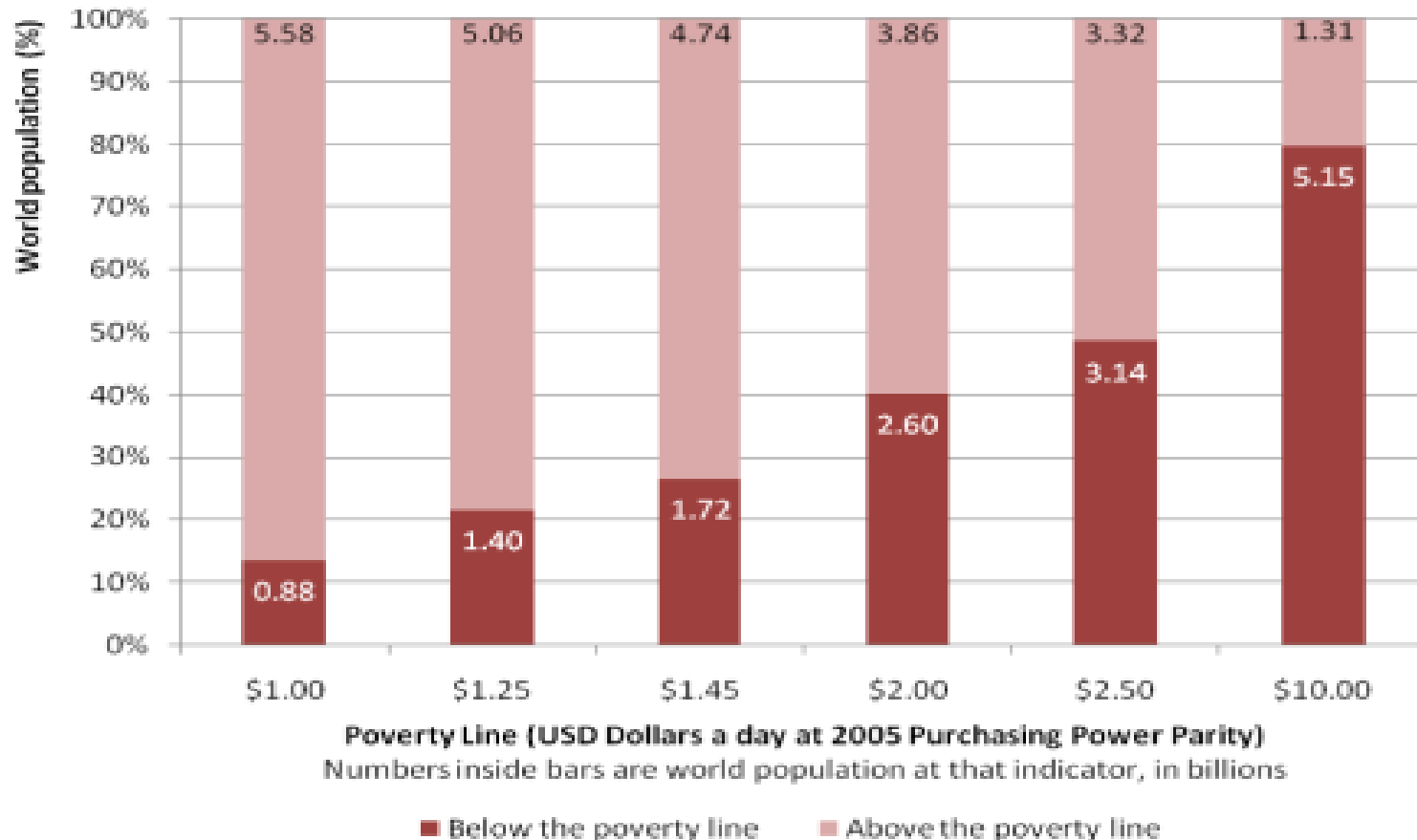
“...In New Zealand, as in the United Kingdom, the sudden growth of the underclass is a textbook example of **the manufacture of poverty by the neo-liberal state...**

“...beyond the growth of the underclass, New Zealand has experienced an **astonishing growth in economic inequalities of all kinds...**

“**the bargaining power of employees in relation to employers was considerably reduced...**

“...the result was that **income inequalities increased in New Zealand more than in any other western country...**”

Percent of people in the world at different poverty levels, 2005



\$10 = £ 6

Source: World Bank Development Indicators 2008

This was our last session for DA1 term 1

so,

good bye girls and boys.

it had been a pleasure teaching you.

and never forget that

"The important thing is not to stop questioning".
(Albert Einstein)(1946)

